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NEWS SUMMARY

GENERAL

Three soldiers die in ambush

Three soldiers were killed in an ambush on the Ulster border yesterday as the Provisional IRA emphasised its message that there would be no Christmas ceasefire.

All three were hit by machine-gun fire from the rear of a van which drew up near a checkpoint in Crossmaglen, Co. Armagh. In terms of casualties, it was the worst single incident involving the army this year.

The village was crowded during the attack and shoppers dived to the ground to avoid cross fire.

A search was mounted on both sides of the border for the killers. The army said it was uncertain whether any of the attackers were hit by return fire from troops.

Journalists lose blacking appeal

The National Union of Journalists yesterday failed to reverse a High Court decision which the TUC considers will severely restrict the freedom of trade unionists to take sympathy action in industrial disputes.

The union was appealing against a decision to grant an injunction to Express Newspapers ordering the NUJ to lift its instruction to Express group journalists to black Press Association copy. The Court of Appeal refused the union leave to appeal to the Lords. Back Page

Mideast threat

President Sadat told a political rally that Egypt would never sign a separate peace treaty with Israel. "The time for begging is over," he said. Mr. Moshe Dayan, Israeli Foreign Minister, warned the U.S. against making any attempt to coerce Israel into accepting Egyptian changes to the Camp David agreement.

Iran refusal

The National Front, the Iranian Government's main political opposition, has refused to join a new civilian Cabinet being canvassed to replace General Azhari's military administration. Page 3

Pollution delays

The 21-day operation to limit oil pollution from the Eleni V tanker could have been conducted more quickly, according to a Government report published yesterday.

Bus-train crash

Twenty children were killed and more than 60 injured when a school bus and a crowded train were in collision near Salamanca Western Spain.

Venus landing

A Soviet space module touched down on Venus yesterday and relayed back scientific information for almost two hours. Photographs showed a flat, rocky landscape with yellow clouds overhead.

Lorry bans

Local authorities have been given permission to impose selective bans on heavy lorries. The High Court rejected an application from road hauliers calling for an end to a Berkshire County Council ban. Back Page

Briefly . . .

The Association of Independent Businesses has called for an increase in the value of luncheon vouchers from 15p to £1.

Daniel Cohn-Bendit, a leader of the 1968 Paris student revolt, is free to return to France, where the 10-year ban against him has been lifted. Page 2

U.S. Secretary of State Cyrus Vance and Soviet Foreign Minister Andrei Gromyko began talks in Geneva on a new Strategic Arms Limitation agreement. Page 2

BUSINESS

Equities quiet; Tin falls £80

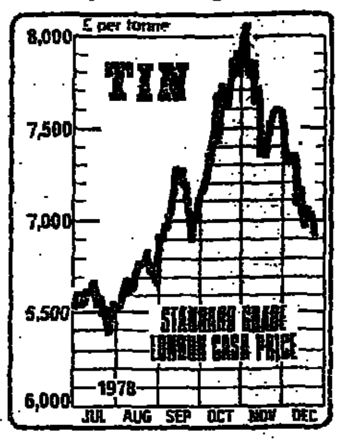
● EQUITIES were quiet, apart from pressure on Glaxo and Boots on speculation of gloomy predictions from their brokers. The FT ordinary index closed unchanged at 478.2.

● GILTS traded quietly and the Government Securities index closed 0.06 up at 68.55.

● STERLING fell 1 cent against the dollar to $2.0010, but its trade-weighted index remained unchanged at 63.3. The dollar gained ground and its depreciation narrowed to 9.3 per cent (9.6).

● GOLD fell $2¼ to $213¾ in London.

● TIN prices lost ground with



standard grade cash tin £80 lower at £6,905 a tonne.

● TOKYO stock market fell sharply on a wide front, with the Nikkei-Dow Jones index falling 101.50 to 5,873.17, its largest one-day fall since late November last year.

● WALL STREET was 0.25 up at 793.92 just [illegible]

● BANK LOANS to industry slackened significantly in the three months to mid-November, but the overall leading level continued to expand sharply. Bank of England lending figures show that of the £810m lent to UK residents between mid-August and mid-November, £687m was lent to the private sector. Back Page

● BANKS with loans outstanding to Iran have started precautionary steps to protect themselves, although no specific requests for repayments of loans have yet been made. Page 16

● GOVERNMENT is stepping in for the second time to rescue the Marathon rig building yard on Clydebank. The Scottish Office, BNOC and the Gas Corporation are to set up a new company to negotiate for a jack-up rig, costing between £14m and £17m to be built at Marathon Shipbuilding. Back Page

● EEC and the U.S. are close to agreement on all the main issues in the Tokyo Round of GATT in Geneva. Talks will adjourn today for the Christmas break, but negotiators are confident that the remaining difficulties will be resolved early in the New Year. Page 4

● CHRYSLER UK has warned unions that losses in the current year could approach the £21.5m deficit suffered in 1977. The full extent of losses will not be known until the position in Iran becomes clearer, as Iran takes more than £100m worth of components a year from the British company. Back Page

● NATIONAL FARMERS UNION has attacked as inflationary an Agricultural Wages Board award increasing full time farmworkers earnings by an average 13 per cent. Page 7

● TUC is to urge the Government to give British support to a proposed code for controlling the conduct of multinational companies drawn up for the UN Commission on Transnational Corporations. Page 7

COMPANIES

● CHARTERHOUSE GROUP pre-tax profits for the 12 months to September 30 rose 44 per cent to £9.81m (£6.81m). Page 14 and Lex

● UNIGATE pre-tax profit for the 24 weeks to September 9 rose from £9.5m to £15.1m on turnover up from £435m to £500m. Page 14 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Treasury 5pc 1986-89	£65	+ ¼	Rolls-Royce	96	+ 2½
Ault and Wiborg	42½	+ 2	Sotheby P. B.	345	+ 9
Christies Intl.	156	+ 5	Taylor Woodrow	411	+ 8
Guinness (A.)	164	+ 6	FALLS:		
Harris (P.)	91	+ 11	A. B. Electronic	160	− 4
Laing Props. "A"	125	+ 8	Boots	188	− 4
Leigh Interests	138	+ 6	Cohen (A.)	160	− 5
Milletts Leisure	135	+ 7	Edbro	193	− 8
Norton and Wright	148	+ 10	Glaxo	518	− 5
Reed Intl.	154	+ 6	Wilmot-Breedon	81	− 2½

Government warns: troops to be used if tanker men strike

BY NICK GARNETT and RICHARD EVANS

The Government has told Mr. Moss Evans, general secretary of the Transport and General Workers' Union, that troops will be used if tanker-drivers carry out their threat of a national stoppage from January 3.

The warning was delivered at a meeting between Mr. Evans, Mr. Anthony Wedgwood-Benn, the Energy Secretary, and Mr. Albert Booth, the Employment Secretary, in which he was told that the Army would be used to maintain essential services, as they were during the firemen's strike last winter.

The damage a long dispute would do to the economy was emphasised.

A national meeting of shop stewards and union negotiators for drivers at the five main oil companies was urgently convened yesterday by Mr. Evans and other senior Transport Workers' officials.

The Government's apprehension at the possibility of a strike, and its determination to use the Army in that event, were relayed by Mr. Evans.

The meeting reaffirmed the negotiators' decision to continue pay negotiations with the companies, and what is in effect the fourth round of talks began late yesterday at Esso.

The drivers, who imposed an overtime ban early this year which cut oil and petrol deliveries by up to 30 per cent, have submitted claims valued by the companies at more than 50 per cent, including an increase in the present basic wage of £75 to £90.

They have been offered increases of 11 to 14 per cent, but linked to productivity changes which the union has refused to accept unless the companys' basic offers are improved.

Drivers at Esso, British Petroleum and Texaco have imposed an overtime ban which is affecting petrol supplies. A national strike would also affect Shell.

The Government has prepared contingency plans to use troops in the event of a tanker-drivers' strike or a stoppage by local authority workers.

The more pressing problem is the petrol supply dispute, and the Civil Contingency Unit of the Cabinet Office, staffed by senior civil servants, has detailed plans ready.

It was denied at 10 Downing Street yesterday that troops had been given special training in West Germany. The plans were said to be the normal precautions taken when there appeared likely to be a breakdown of essential services.

It is estimated that if there were a strike only about 25 per cent of normal supplies could be made available, and there would therefore have to a system of strict rationing, with priority for key industries and workers.

The Confederation of British Industry is maintaining contact with the Department of Energy, and has made a study of the potential effects on industry of a fuel strike.

Ministry have given assurances that high priority would be given to maintaining industrial production by supplying fuel direct, and by ensuring that employees can get to work by public transport.

A potential difficulty under discussion in Whitehall is the prospect of trouble with strike pickets if troops move into the depots to commandeer tankers.

It will essentially be a matter for the police, to maintain order and ensure access

Petrol shortages over Christmas 'unlikely' Page 7

Greece's membership of EEC is agreed

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS — Greece's admission as the tenth member of the Common Market is now assured following all-night talks in Brussels, at which the most sensitive political problems, raised by its application, were settled.

Final agreement was reached between the EEC Council of Ministers and a delegation led by Mr. George Rallis, the Greek Foreign Minister, yesterday on integrating Greece's agriculture and labour sectors into Community structures.

Though a number of difficult points remain—notably detailed provisions for Greece's EEC budget contributions—statements by both sides left no doubt that the back of the 2½-year-old negotiations had been broken.

Herr Klaus Von Dohnyani, West German Minister of State for Foreign Affairs and acting President of the Council of Ministers, said he expected the formal treaty of accession between Greece and the Community to be signed in the first half of next year.

No date has yet been fixed for Greece's entry, which must await ratification of the Treaty by national parliaments. On the EEC side, January, 1981, is considered the most likely date.

Though bargaining positions softened as the night wore on, the biggest concessions were made by the Community. Despite strong initial reservations by France and Italy, which are concerned about the impact of EEC enlargement on their Mediterranean farmers, Greece has obtained most of what it sought on agriculture.

Virtually all important Greek farm products will be phased into the Common Agricultural Policy over the five years following entry.

West Germany, which fears EEC enlargement will bring a flood of foreign workers on to its labour market, has won agreement that Greek workers, not already in the Community, will not be granted free access until seven years after entry.

This has apparently been accepted without too much soul-searching in Athens.

Though the issue of EEC budget payments remained unsettled, Herr Von Dohnyani committed the community to ensuring that Greece was not a net contributor during its early years of membership, as its government has claimed it might be.

One of the major questions raised by the outcome of the negotiations is how far the EEC concessions to Greece, especially on agriculture, have compromised its position in the forthcoming talks on the membership applications submitted by Portugal and Spain.

The French attitude towards Spain's application has already hardened, and it has already pushed the EEC into insisting on a breathing space of several months before negotiations with Madrid start.

Editorial comment Page 12

BBC plans TV at Christmas

BY PAULINE CLARK, LABOUR STAFF

THE BLACK-OUT on all BBC television transmissions looks like continuing today after pay talks between management and the corporation's five unions broke down last night.

But Mr. Alasdair Milne, managing director of BBC Television, announced that it had been decided to transmit programmes on Christmas Day and Boxing Day in spite of industrial action by the Association of Broadcasting Staff.

All BBC television has been blacked out since Wednesday because of a row over the suspension of film processors who took action in support of a two-week ABS overtime ban.

The union, the biggest in the corporation, called out 9,000 members on strike after the suspensions. Although yesterday's talks centred on the long standing pay dispute in the BBC, it was hoped that progress on this issue might lead to an end to the strike with reinstatement of the 12 film processors.

The BC said last night that management could not meet a pay demand which exceeded the level of inflation.

A statement from the National Union of Journalists added yesterday that the Government had told the corporation it would incur sanctions if it reached a settlement in excess of the pay guidelines.

Pay negotiations affecting the BBC's 26,000 weekly and monthly paid staff have been taking place for some three months without a conclusion and frustration has mounted over in-house pay anomalies and the widening gap between BBC pay and that of independent television companies.

Referring to the Government's lifting of the pay sanctions threat on commercial organisations, the NUJ said the union deplored "the cynical and dishonest attitude" of the Government on public sector pay.

The 1,500 NUJ members in the BBC have been instructed to continue working normally but to take no action which would undermine the ABS strike.

Background to dispute Page 7

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FEATURES

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OECD cuts forecast for world growth

BY ROBERT MAUTHNER

PARIS — The 24-nation Organisation for Economic Co-operation and Development has scaled down its world economic forecasts for next year following the unexpectedly large oil price rise.

The decision by the Organisation of Oil Exporting Countries to raise prices during next year by 14.5 per cent is expected to boost the OECD area's rate of inflation by about 0.6 per cent and the member states' combined gross oil import bill by $19bn.

The rise would clearly have some inflationary effect as well as reduce an already moderate rate of growth for the area, said Mr. John Fay, head of the OECD's Economics and Statistics Department, yesterday, when presenting the organisation's six-monthly Economic Ooutlook report, published today.

But the rise, although regrettable, was not disastrous, he said. The Western world could certainly "live with it."

The real negative impact on the area's current account would be no more than about $20bn at an annual rate, since the higher revenues obtained by the oil producers would no doubt be partially spent on increased imports from the OECD countries.

According to the revised forecasts, the area's GNP will rise by only about 3 per cent next year, compared with 3.5 per cent this year. Its overall current account deficit next year could rise to $11.5bn from $500m in 1978, and the average rate of inflation is expected to increase to about 7 per cent from 6.75 per cent this year.

Potentially the most worrying aspect of the oil price increase was the totally unquantifiable effect it could have on market psychology and particularly on the behaviour of the foreign exchange markets, Mr. Fay said.

The rise had already been partially counter-productive as far as the OPEC countries were concerned. One of the developments which had particularly worried them was the fall in their revenues, as the result of a constantly depreciating U.S. dollar.

But just as the dollar had been stabilised after a year of turbulence, the OPEC decision had again put the U.S. currency under pressure and it had lost 3 per cent in two days.

Although international economic prospects are, therefore, less favourable than the OECD's Secretariat originally predicted, on the assumption that the oil price would rise by no more than 5 to 6 per cent, the general pattern of economic development is still considered to be much better than six months ago.

Present policies in member states are expected to lead to a sharp growth in spending in Japan and West Germany, and a slowing down in the U.S. This concerted stance, accompanied by the effective appreciation of the yen and the depreciation of the dollar, should produce a much more balanced international payments pattern.

Mr. Fay said that although the oil price increase would push up the U.S. current account deficit by a further $3bn in the second half of next year, the total shortfall for 1979 would still be no more than about $8bn, compared with as much as $18bn this year. At the same time, the Japanese and West German current surpluses would be roughly halved to $12bn and $2.5bn respectively.

Unemployment will probably remain high throughout next year and until much more progress has been made in reducing inflation.

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Callaghan and CBI agree wage targets

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Prime Minister and the Confederation of British Industry last night patched up their year-long differences over the use of pay sanctions and agreed broad aims for the future of the present wage round and for longer-term pay reforms.

That emerged at talks in Downing Street after which Mr. Denis Healey, Chancellor, confirmed that the Government was prepared for individual groups of workers in "non trading" parts of the public sector to use comparability with relevant private industry pay levels to support their wage claims.

Although Mr. Healey did not specify the possibility of examining comparability claims within one new pay review

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Expansion in UK demand 'to slow'

By Peter Riddell, Economics Correspondent

THE RATE of expansion of domestic demand in the UK is likely to slow sharply in the next 12 months. Unemployment might increase slightly.

That is indicated by an analysis of the prospects for the economy in this morning's Organisation for Economic Co-operation and Development Economic Outlook.

The OECD Secretariat is more pessimistic about output and unemployment next year than the Bank of England in its recent quarterly bulletin, and slightly gloomier than the Treasury's forecasts a month ago.

However, the balance of payments current account is expected to be well in surplus next year and consumer prices might rise by 8½ per cent a year on average on the basis of a 10 per cent earnings rise.

The Outlook also examines the implications of a 12 per cent rise in earnings in the current round. It concludes that although the effect on activity and output would be negligible, that on inflation would be quite important.

Higher labour costs, which might push sterling down, would speed the growth of consumer prices, possibly to more than 10 per cent.

That might also add only ¼ of a percentage point to the growth of total output, although the OECD notes that that calculation excludes any negative effects on business and foreign confidence resulting from a higher inflation rate, which might depress growth and lead to a larger rise in unemployment.

Assuming 10 per cent earnings rises, growth in total output is expected to slow from 2½ per cent a year in this half year to 1½ per cent in the second half of next year.

The Outlook assumes an increase in income tax allowances in the spring Budget only to take account of inflation, with no further tax reliefs.

The slower expansion envisaged by the OECD would, mean an increase in unemployment of about ¼ a percentage point to roughly 6 per cent by the end of 1979.

One favourable result of the slower growth should be a current account surplus of about £700m next year, mainly because of North Sea oil.

£ in New York

—	Dec. 20	Previous
Spot	$2.0010-0125	$2.0160-0170
1 month	0.29-0.23 dis	0.20-0.14 dis
3 months	0.67-0.59 dis	0.56-0.49 dis
12 months	2.35-2.20 dis	2.45-2.25 dis

DM 1bn aid plan for W.German ship industries

BY ADRIAN DICKS

BONN—The way now appears open for the hard-pressed West German shipbuilding and shipping industries to receive additional government assistance that could total more than DM 1bn (£270m) in order to ensure their survival during the next three to four lean years.

Chancellor Helmut Schmidt cleared away the last major obstacle to a DM 660m scheme for the shipyards yesterday afternoon, when he won over Herr Ernst Albrecht, the Christian Democratic state premier of lower Saxony.

The Bonn government has been insisting that no programme could go ahead without the four coastal states' contributing one-third of the cost. Herr Albrecht had demurred at this, arguing that mixed state and federal responsibility would only make it harder to arrange a further restructuring of the industy which the Bonn Economics Ministry also wishes to bring about.

During a private meeting with Herr Albrecht, the Chancellor also agreed that the federal government would contribute DM 200m towards the heavy security and running costs of the proposed Gorleben facility for storage of high-level nuclear waste materials in underground salt caverns. Herr Albrecht's government in Hanover has not yet, however, taken a final decision on whether it will allow the facility to go ahead.

The DM 660m shipyards programme is intended to strengthen German shipbuilders in their strongest suit, the construction of high-value, special purpose vessels.

The draft programme appears to accept the industry's own analysis that the years 1980-82 will see the bottom of the world shipbuilding slump. After this, the West German yards' modernisation and diversification moves are expected to place them well to benefit from a fresh upturn in orders.

Final details of the aid plan will be settled at a Cabinet meeting on January 17, when details are also expected to be announced of a plan to make up to DM 500m available to West German shipowners in loans and interest rate assistance. This should help them over a liquidity problem that is already acute in some cases.

Emminger warns of EMS difficulties for the dollar

BY JONATHAN CARR

BONN—Dr. Otmar Emminger, the President of the Bundesbank, has said that ultimately it is up to the United States whether or not the new European monetary system (EMS) brings disadvantages for the dollar.

In an interview with the weekly Deutsche Zeitung released yesterday, Dr. Emminger noted that on his recent visit to Bonn Mr. Michael Blumenthal, the American Treasury Secretary, had judged the EMS positively.

But the Bundesbank president added that if in the long term the Europeans achieved more price stability while the Americans had insufficient success in the inflation battle, some dollar holders might instead orientate themselves on the EMS.

Dr. Emminger made it quite clear that although the decision on changes in parities within the EMS lay with national Governments, the Bundesbank had no intention of allowing its money supply policy to be undermined.

He pointed out that the Bundesbank would approach the Government with its own proposals if it felt such a development was occurring. In any case the Government itself had no interest in seeing the EMS undermine West German monetary stability.

But Dr. Emminger added that in an emergency the Bundesbank would not content itself with speaking privately. It would go before the public with raised finger and warn of the dangers. "No one should have any doubts about our determination on this issue," Dr. Emminger said.

He did not believe that the question of a currency realignment within the EMS would become "acute" in 1979. But should the moment come for such a realignment, he hoped the participating countries had now learned from the past and would not delay necessary action on prestige grounds.

Paris delay 'fault of CAP'

BY ROBERT MAUTHNER

PARIS—France does not intend to delay the introduction of the European Monetary System on January 1 as the result of its dispute with West Germany over agricultural problems, but only its application to the Common Agricultural Policy, French officials stressed here yesterday.

Up to now, the Germans have refused to accept the French demand that monetary compensation amounts, which are subsidies and levies paid on intra-Community farm trade to offset the effect on prices of currency fluctuations, should be phased out within a year.

As a result, M. Pierre Mehaignerie, the French Agricultural Minister, told his partners in Brussels that the new European Currency Unit (ECU), to be created when the EMS comes into effect would not be used as the numeraire for the calculation of common farm prices until agreement was reached on the whole subject with the Germans and France's other partners.

The French hope that a compromise will be reached at the next meeting of EEC Agriculture Ministers on January 15. Although vague threats have been made by various French Ministers that the quarrel over the agricultural policy and the introduction of EMS were "closely linked," these apparently referred only to agricultural aspects of the system.

Gaullists act to block suspension

By David White

PARIS — The Gaullists in France's centre-right coalition government yesterday formed a united front to stop M. Alain Peyrefitte, the Justice Minister, being suspended from the party.

The declaration of support for M. Peyrefitte, endorsed by the remaining 10 Cabinet Ministers and Secretaries of State who belong to the Gaullist Rassemblement pour la Republique (RPR), provides the party leader, M. Jacques Chirac, with the most serious challenge yet to the unity of his Gaullist movement.

On Wednesday, a majority of party officials in the Seine-et-Marne department, where M. Peyrefitte has his constituency, voted to suspend the Justice Minister for six months. The measure was in response to M. Peyrefitte's letter to Gaullist deputies last week, criticising M. Chirac's attacks on the Government's European policy.

The Gaullist members of the Government gave their unequivocal support to M. Peyrefitte and said they regretted the sanction against him, which has still to be confirmed by the party's central committee.

In effect, they are asking M. Chirac, whose leadership has been under fire from some other prominent Gaullists, to overrule the suspension order in the interests of keeping the party together.

This would be a serious step-down for M. Chirac, who wrote to M. Peyrefitte at the weekend suggesting he resign from the RPR. M. Peyrefitte is a former secretary-general of the UDR, the party which upheld the Gaullist banner until it became the RPR two years ago.

Yesterday's declaration marked a staking out of position by the party's pro-Giscardians after M. Chirac had tried to negotiate a truce by promising the Government not to undermine its parliamentary majority.

In a letter to M. Raymond Barre, the Prime Minister, on Tuesday, M. Chirac said the European argument would be thrashed out in the direct European elections in June, rather than in a censure motion in the National Assembly, where the Gaullists hold 155 of the 491 seats.

French remove ban on Dany le Rouge

By David White

PARIS — Daniel Cohn-Bendit is free to return to France for the first time since he emerged as a leader of the 1968 revolt of Paris students. M. Christian Bonnet, the Interior Minister, has lifted a ban imposed on M. Cohn-Bendit 10 years ago

Now 33, M. Cohn-Bendit is French - born of German Jewish immigrant parents, but was excluded from France because he held a West German passport.

"Dany le Rouge," leader of the short-lived Movement of March 22 at Nanterre University, where the student troubles first exploded, was expelled on May 22 at the height of the disturbances, but returned clandestinely on May 28.

Rome crumbles before the tourist hordes

BY PAUL BETTS

ROME—The second decline and fall of the Roman Empire, with obvious reprecussions not only for the country's historical and cultural heritage but for the more mundane booming tourist business, appears to be underway.

A cancer which afflicts marble, or more specifically the sinister effects of residues of tetra-ethyl lead from air pollution and car exhausts added to the city's crescendo of traffic vibrations, are steadily and irreversibly destroying a large number of Ancient Rome's finest monuments.

Already last month fragments from the Antonine Column dropped to the ground in Piazza Colonna in the heart of Rome only yards from the main gateway of Palazzo Chigi, the seat of the Italian Prime Minister. The 30 metres high column was erected between AD 171 and 175 to celebrate the victories of the Emperor Marcus Aurelius Antoninus over the Germans and the Marconians.

The Trajan Column with its 17 marble blocks and 2,500 engraved figures overlooking the Trajan Forum and the Wedding Cake Monument of Victor Emmanuel the Second is also at risk. So are Rome's three main triumphal arches of Constantine, alongside the Colosseum, of Septimus Severus and of Titus in the ancient Roman forum as are many other monuments like the temple of Antoninus and Faustina.

The extent of the threat was grimly illustrated yesterday by Prof. Adriano La Regina, Superintendent for the city's ancient monuments, to the National Council of Art and Culture. He said the extent of the risks were as great as those facing the Acropolis in Athens. Indeed, they were on a much broader scale as they involved the entire city.

If measures were not immediately adopted, there was the danger that Romans in the next century would be surrounded by "shapeless masses of broken marble." He claimed "research and surveys on the monuments in the centre of Rome have shown beyond doubt that within a few decades all documentation of the city's past history and art will be lost."

It was too late to repair the damage already suffered by several monuments. "We can only try to prevent the damage spreading," Prof. La Regina said. It was necessary, he suggested, to close to the public all the main monuments in the historic centre of Rome at the same time as banning cars and electrifying public transport. No cost should be spared if the fractures appearing in many monuments are to be controlled.

Although a barrier has now been erected around the Antonine Column, cars in typically Roman fashion still circle round the square, much in the same way as they together with the increasing number of airconditioned tourist buses cause traffic jams in other parts of the historic centre where the City authorities have attempted to limit traffic.

Three are, of course, conflicting interests—especially between conservationists and tourist operators—and the whole complex network of businesses associated with the tourist trade, which brought in this year some L5,000bn according to official figures released yesterday.

In a city like Florence where the centre has been closed to traffic to protect the cathedral and Giotto's Campanile, tourist buses nonetheless are still allowed to park alongside the Duomo. In Venice, the Socialist Mayor, Sig. Mario Rigo, has suggested many statues should be replaced by dummies if they are to be saved.

Ireland to abolish tax holiday

By Giles Merritt

BRUSSELS — Ireland is to abolish the controversial tax holiday scheme for exporting industries that it has long used as a magnet for foreign investment. Instead of the tax relief on export earnings, which was due to expire in 1990, Ireland is introducing a comparable incentive of slashing corporation tax that will run until the year 2000.

The Irish measures waiving taxes on exporting industry have been a bone of contention between the Irish Republic and the EEC Commission since accession in 1973. Agreement has now been reached, following a meeting in Brussels between Mr. Desmond O'Malley, the Republic's Industry Minister, and EEC Competition Commissioner M. Raymond Vouel, on a time scale for the phasing out of the selective tax holiday system.

The new system makes no distinction between exporting companies in Ireland or those whose sales are restricted to the domestic market. As of the New Year, manufacturing industry in the republic will be able to opt for the cuts that bring corporation tax down from an average level of 25 per cent to 10 per cent, and by January 1, 1981, the scheme becomes mandatory.

In the past, Ireland's export tax relief system has been one of the principal bonuses that the republic's Industrial Development Authority has used to attract the foreign investment its economic boom has been based on. But Mr. O'Malley commented in Brussels, following his announcement of the corporation tax cuts, that the old tax holidays were now losing their attractiveness. Because they were due to expire in 1990 foreign investors had begun to find them less of an incentive, and Ireland was therefore happy to adopt a new scheme

Our Dublin correspondent writes: The Irish Government's negotiating tactics on the entry talks for the European Monetary System, and the terms it eventually accepted, came under attack when the Irish Parliament debated a motion to approve the Government's decision to join the new system on January 1.

The handling of the negotiations had damaged "the dignity of the Irish nation" according to Mr. Frank Cluskey, the Labour Party leader, and he described the extra £50m which persuaded Prime Minister Jack Lynch to agree to join the system as "a facesaver."

Leading ETA hardliner murdered in France

BY ROBERT GRAHAM

MADRID—One of the leading hardliners within the radical Basque nationalist organisation ETA, Sr. Jose Miguel Benyaran, was murdered yesterday in the French town of Anglet near Bayonne.

Sr. Benyaran, known as "Argala," is said to have been responsible for the assassination of Admiral Carrero Blanco, the Spanish Premier, in December, 1973. He is also alleged to have been responsible for a number of killings and bank robberies in the Basque country.

So far no one has claimed responsibility for the attack, carried out through a powerful bomb wired to the ignition system of "Argala's" car. Sr. Benyaran was a leader of ETA-militar, a group which contains those Basque separatists most committed to violence to achieve an independent Marxist state. His is the third in a series of deaths within ETA that appears related to internal vendettas.

Two days ago Sr. Joaquin Maria de Azaola was found murdered in Algorta in Vizcaya province. His death was believed connected to his revelation in a magazine that he informed the intelligence services of a 1974 plan to kidnap King Juan Carlos and hold him to ransom demanding Pta 350m from Franco and the freeing of 100 political prisoners.

He said he disclosed the ETA plan, in which he was also due to participate, because he feared it would have negative consequences.

In July, 1976, a key ETA leader known as "Pertur" mysteriously disappeared. In what was first thought to be an extreme-right winge vengeance killing. Some, however, suspected that "Agala" himself was responsible.

These last two assassinations come at a time when the Basque National Council has called for negotiations with ETA to end the violence in the Basque Country. The last known negotiations were held in secret in the summer of 1977, with the Government and senior military officers.

● A series of strikes in strategic sectors of the economy are expected over the Christmas period. An air controllers strike is scheduled for December 27 and 28, while today Iberia ground and auxiliary staff are expected to hold a 24-hour protest stoppage.

The strikes, in other transport sectors, in the Post Office and television, reflect growing irritation among the trades unions over the Government's apparent refusal to renew discussions on a 1979 wage pact.

The Government appears to be hoping that by enforcing a 12.5 per cent rise in the public sector, employers and trades unions will toe the line. However the unions are negotiating for at least a 16 per cent rise.

The Iberia strike could affect some 150,000 passengers but the Government is considering invoking special legislation that obliges a minimum of staff to man posts.

The strike stems from pilots and technical staff refusing to negotiate under the same wage agreement. Meanwhile a planned strike yesterday in the Canary Islands hotel industry was called off at the last minute.

Statfjord row talks set

BY FAY GJESTER

STATFJORD ROW TALKS SET

OSLO — Anglo-Norwegian differences over the development of the jointly owned Statfjord oilfield in the North Sea will be thrashed out at a meeting here in February between Dr. J. Dickson Mabon, Britain's Minister of State for Energy and Mr. Bjartmar Gjerde, Norway's Oil and Energy Minister.

Britain is worried about rising costs on the field, and irritated that most of the contracts connected with its development have gone to Norwegian industry. A spokesman for the Norwegian oil ministry said Mr. Mabon is due in Oslo on February 6.

Mr. Gjerde has now replied to complaints about the field's management made by his British counterpart in a recent letter. Among other things, he has agreed to Mr. Mabon's suggestion that oil company experts should study the feasibility of siting the second Statfjord platform in the northern part of the field instead of to the south, as now planned. Siting the second platform to the north would enable the third platform to be put on the UK side of the field —a solution which Britain has been advocating for some time.

Representatives of four leading companies in the Statfjord group—Mobil (the operators), Statoil, BNOC and Conoco—will undertake the study and report on their findings by January 19.

The Oil Ministry spokesman indicated that Norway is sceptical towards the idea of changing plans for the platform's site. Work on the structure's concrete base had already started, he pointed out, and it was designed for the seabed conditions at the site already chosen. A decision to sit it somewhere else might need changes in design. This would delay the field's development and send costs up.

Indian gas find

By K. K. Sharma

NEW DELHI — Mr. H. N. Bahuguna, India's Petroleum Minister, yesterday told Parliament of the discovery of a major new gasfield offshore from Bombay, describing the find as "significant" and about the same size as the commercial South Bassein gasfield in the western continental shelf.

Codes now the main SALT talks issue

By Reginald Dale

GENEVA — Washington still hopes for "a very early agreement" with the Soviet Union on a new strategic arms limitation treaty (SALT 2), Mr. Cyrus Vance, the U.S. Secretary of State confirmed here yesterday. Mr. Vance said he hoped that his talks with Mr. Andrei Gromyko, the Soviet Foreign Minister, might be the concluding session of the negotiations at Ministerial level.

U.S. officials said that the talks, which began yesterday morning, would continue "until we're through working." Only when SALT business was concluded, possibly tomorrow morning, would Mr. Vance fly to Brussels for his new round of Middle East peace negotiations with the Egyptian and Israeli Foreign Ministers. Mr. Vance stressed that he did not expect any agreement to be signed, or even initialled at the end of this meeting.

U.S. concern at the need to verify Soviet compliance with the treaty has now emerged as an outstanding issue.

Turks call for West aid 'club'

By Metin Munir

ANKARA — Mr. Bulent Ecevit, the Turkish Prime Minister, has asked western states to form a club to salvage the stricken Turkish economy.

His request is to be taken up in Guadaloupe next month when France's President Giscard d'Estaing, the West German Chancellor Helmut Schmidt, Prime Minister James Callaghan of Britain and President Jimmy Carter meet at a summit.

What Mr. Ecevit has in mind is what a senior aide described as a "politically motivated loan mechanism."

The loans would be in the form of urgent emergency aid desperately needed by the Turkish economy starved for imports.

Although no figures are being quoted officially, the sum required would be more than $1bn over the next five years to go towards meeting vital import requirements.

Turkish plans for 1979, for instance, call for $1.7bn of "additional financing" to maintain a reasonable level of development. The Turks are banking on raising $500m from the Euromarket through a syndication loan which is currently in progress. The remaining $1.2bn is what Mr. Ecevit is looking forward to receiving through the "politically motivated loan mechanism."

The loans would be politically motivated in the sense that they would enable Mr. Ecevit to prevent his country from slipping from economic to political and social chaos. The west, the Turks reason, would therefore benefit from not having a potential Iran on its hands.

The developments in Iran, with which Turkey has a 330 km border, seem to have added credibility to Mr. Ecevit's new move, according to his aide.

Italian surplus

Italy had a provisional surplus of L324bn (£193m) on its overall balance of payments in November, after a provisional October surplus of L375bn, the Bank of Italy said, Reuter reports from Rome. In November last year, Italy had an overall surplus of L82bn.

Dutch deficit widens

Holland's visible trade deficit rose to Fl 840m (£207m) in October from Fl 246m in September and from Fl 351m in October last year, Central Statistics Office figures show, Reuter reports from The Hague.

Christmas out of the catalogue

BY GUY HAWTIN

Shopping by mail order, even for presents, is a growing custom in West Germany. But village shopkeepers can still look forward to a profitable festival—and a share in the hangovers.

RUPPERTSHAIN is girding up its loins for Christmas. The small village where we have lived for the past 2½ years tends to take its holidays seriously and those who can will be off work from the weekend before Christmas until the day after New Year's day.

Christmas in West Germany is a family festival, accompanied by the usual ritual of over-eating and present-giving. The debauchery comes on New Year's Eve—Sylvester, as it is called—and there will be few in Ruppsch', as the village is known in the local dialect, without a hangover on January 1.

While Christmas has always been an important festival in Germany, the post war American influence has been felt. "Jingle Bells" vies with "Silent Night" and the decorations in the Frankfurt stores appear to owe as much to the Macy's parade as to German tradition.

Be that as it may, the large Frankfurt stores, only about 15 miles away, tend to collect less from the Ruppsch' housewives than they do from the townies. The bus service is not up to much and many people, even the adventurous young, rarely visit the city.

Most people, of course, have cars. Even so, they tend to do their buying in Hoechst, which is part of greater Frankfurt, or the vast Main-Taunus shopping centre just outside it. The bulk of the village's shopping, however, appears to be done by mail order. Indeed, trade from Ruppsch'—which has just over 1,200 on the electoral register—is so good that both Quelle and Otto Versand, the country's two largest mail order houses, have representative offices in the village.

Our neighbour, Gitte, has done all her shopping there: from the sweater for her husband to dolls for her daughter. Gitte is such a loyal customer of Quelle that she even ordered her spanking new bedroom suite by mail—mirrors and all. While the prospect terrified my wife, I have to report that it all arrived on time and in top-top order.

Mail order has always been good business in Germany as the figures of the leading groups show. The mail order branch is virtually the only one in the general retailing sector that has continued to report real sales growth since the oil crisis. The department stores reported real sales stagnating last year, while Quelle's sales were up 10.5 per cent and Otto's rose 8 per cent. Much the same is likely to be true this year.

Certainly, the mail order groups have been helped by the fact that the majority of Germans still live in villages and small towns where the choice in local stores is limited. The Laubs, who run the village general store, keep an amazing selection of merchandise on the shelves, from men's trousers to royal blue ink and from boiled ham to some of the most evil whisky I have ever tasted. For a wider choice one has to go to Kelkheim, six miles away. Even then a search for anything out of the ordinary takes one further afield.

Gitte, who, like most housewives in Ruppsch, keeps her budget under tight control, has a keen eye for prices. Mail order she says, offers the best value. Harking back to her days as a shop assistant, she shrewdly observes that they operate fully automated warehousing systems and do not have the same heavy staff overheads as the stores.

In a country where a 16-year-old junior trainee costs DM 800 (£215) a month, plus fringe costs which add at least 75 per cent to wage overheads, this is an important saving.

Furthermore, the mail order houses do not have the vast property overheads the stores have to bear. While the larger groups maintain representative offices and showrooms in villages and towns throughout the country, they do not have the burden of filling them with stocks.

The mail order houses are catching on fast in the larger towns and cities, and even the well-to-do in the Ruppsch' "Prominenz Viertel," or "Millionaires' Row," at the top of the mountain, are turning to the catalogues as the mail order group's trade up. Quelle, for instance, produces a fashion catalogue, the prices of which are well beyond the average wage earners' range.

When it comes to Christmas fare, the village shops tend to do better. Herr Rudolph Neuhaus, our local butcher and one of the shrewdest small businessmen I have ever met, is looking forward to a profitable holiday season. Herr Neuhaus has two shops in the village and others in nearby communities. He runs his own slaughter house, and his son minds his butcher's shop in Majorca serving German cuts to German tourists—who was it who said the British were a nation of shopkeepers?

Herr Neuhaus goes out there every now and then, but prefers to stay at home managing his shops and running his pub where Frau Neuhaus turns out one of the best Schnitzels in the Taunus region. His large Mercedes is a testament to the quality of his meat and the excellence of his sausages. But despite the superior flavour of his products, there are many Ruppsch housewives who prefer to make the trip to one of the local supermarkets to buy inferior products at cheaper prices.

While this presents no threat to Herr Neuhaus, who artfully blitzes the village with leaflets advertising his special offers once a week, the supermarkets have wreaked havoc on the local shops. An acquaintance, who works for one of the country's largest household products manufacturers, told me that it was estimated that every time a "hypermarket" opened up about 200 small shopkeepers went out of business.

The pattern is all too apparent in Ruppsch. The town sustains in addition to Herr Neuhaus's butcher's shops and the Laub's general store, two groceries, a florist and nursery, and another shop which sells all manner of things, including newspapers and cigarettes, as well as acting as agent for Toto-Lotto—the German equivalent of the football pools. There are also two excellent bakeries.

Only 10 years ago, there were many more small shops which have closed down as the owners retired or went out of business in the face of competition from the supermarkets. Gitte bemoans the passing of the shop which specialised in biscuits and fine confectionery —but it does not stop her going out of town for much of her meat and groceries.

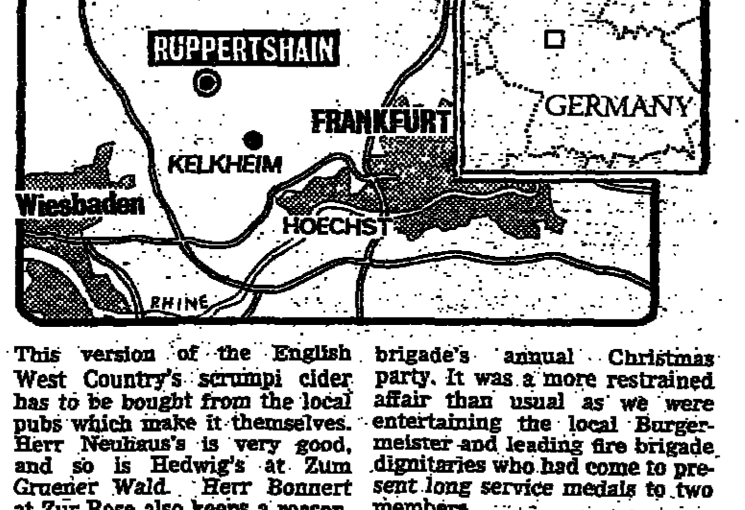
Who can blame her, when the prices charged in the village stores are often twice as high as those in the supermarkets? It is not that the small trader is making vast profits—his mark-ups have to be high to sustain his proportionately greater overheads. The difficulty is that the supermarket chains can buy as cheaply as the wholesaling concerns that supply the small man.

Christmas will provide a bonanza for the beer man. Ruppsch' does not have a beer man of its own—he went out of business last summer, though not for lack of custom. The beer man drives up with his truck from Kelkheim, delivering mineral water, pop and, of course, beer, every day. In his own way, he has posed a considerable threat to the local stores.

Before the beer man and his lorry came on the scene, people bought their beer from the shops and pubs. But as most people buy it by the crate, it is far more convenient to have it delivered to the door than to have to hump it home on your shoulders. Not only that, the selection is wider and the price is lower.

The beer rounds, usually run in conjunction with a sort of drinks supermarket, have been a major growth industry in the area. Indeed, they have mushroomed in the four years that we have been in Germany. The beer man has much to be thanked for. Ours carries a stock of beers from all over Germany and many other countries besides. Without him we should be tied to local brews, of which, with the exception of one, I am not particularly fond. As it is, my wife can obtain her beloved brew, which comes all the way from North Germany, while I can buy excellent Czechoslovak beers.

It has to be admitted, however, that the beer man's cider —Ebbel Woi in the local dialect—is not worth a light.



This version of the English West Country's scrumpi cider has to be bought from the local pubs which make it themselves. Herr Neuhaus's is very good, and so is Hedwig's at Zum Gruener Wald. Herr Bonnert at Zur Rose also keeps a reasonable glass, though it is not quite up to the standard of the other two; his cooking makes up for that.

The holiday, of course, is one of the big times of the year for the local pubs, although Fasching, the Carnival season that really gets into swing between New Year and the start of Lent, accounts for much more in takings. Herr Bonnert, who has a dance hall attached to his pub, does better than most. The Lord only knows how many bottles of Sekt—the sparkling wine which in some of its forms—induces one the worst headaches known to man—he will sell at the New Year's Eve Ball. As most of Ruppsch's will be there, the number will be substantial.

Celebrations started in earnest with the volunteer fire brigade's annual Christmas party. It was a more restrained affair than usual as we were entertaining the local Burgermeister and leading fire brigade dignitaries who had come to present long service medals to two members.

Even on our best behaviour and tightly buttoned into gala uniforms, we managed to have a pretty convivial time. Food and drink flowed in plenty St. Nicholas and his awful assistant, Knecht Ruprecht, arrived to berate the innocent and reward the unworthy. I received a case of beer and my wife one box of chocolates for putting up with my absence from home during practices an another for helping to clear up next morning. However, we missed the home movies of boozy Christmas bashes past, fire brigade open days, and annual outings—especially the films run backwards as the evening degenerated.

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Palestinians hit in reprisal for border rocket attack

BY IHSAN HIJAZI

BEIRUT — An artillery duel raged across the Lebanese-Israeli border yesterday as Israeli gunners pounded the Moslem town of Nabatiyah about nine miles from the border.

The shelling, described as the worst since the Israeli invasion of southern Lebanon last March, followed an early morning rocket attack by Palestinian guerrillas against the Israeli border town of Kiryat Shmona.

A Palestinian spokesman said the attack was in retaliation for Wednesday's air strike by Israeli warplanes against Palestinian camps and positions in the Tyre area on the southern Lebanese coast.

The Palestinians put their casualties at two dead and eleven wounded, most of whom were civilians. Press accounts from the field said the casualty figure is much higher.

Nabatiyah is the main centre for what is known as the Palestinian enclave located between the Zahrani and Litani rivers. Palestinian guerrillas were concentrated there after they were pushed back from the border area by the invading Israeli forces in March.

The border sector is now controlled in one part by Israeli-equipped Christian militias and in another by United Nations forces.

Observers noted that the rocket attack on Kiryat Shmona confirmed earlier reports that the guerrillas have managed to infiltrate behind UN lines. The reports said that about 300 commandos with heavy weapons and equipment are believed to be operating inside the UN-controlled zone.

The Palestine Liberation Organisation was reported to have promised earlier to discontinue all operations across the Lebanese border to avoid inviting Israeli reprisals against the Lebanese.

Eye-witnesses said the Israeli shelling created chaos for the civilian population in Nabatiyah. Initial reports put the number of casualties at 15. A strategic guerrilla artillery position located at the Arnoun hill outside the town was also shelled, the witnesses added.

David Lennon adds from Jerusalem: Mr. Menahem Begin, the Israeli Prime Minister, said there was not connection between the latest flare-up and the peace talks with Egypt.

He said the Israeli air raid on Palestinian bases in Lebanon, which preceded the attack on Kiryat Shmenoh, was a legitimate act of self defence against those bases from which the orders were given to attack Israel.

Egyptians rebut Israel statements

By Roger Matthews

CAIRO — In a point-by-point rebuttal of Israeli statements made after the mediation effort last week by Mr. Cyrus Vance, the U.S. Secretary of State, Egyptian officials said the Israelis had changed their minds on several points, "either through wild interpretation or by simply reneging on their previous positions."

Mr. Mustapha Khalil, the Prime Minister, would attend this weekend's talks

The Egyptians rebutted all five points raised by Mr. Menahem Begin, Israel's Prime Minister, earlier this week:

- Egypt wanted a change to Article Six because of Israel's subsequent interpretation that Egypt's obligation to Israel took precedence over other obligations.
- Egypt was emphatically not trying to establish guardianship of the Gaza Strip, but was seeking to ensure an orderly transfer of authority and free elections by the presence of a "liasion group" there.
- During the first four days of the peace talks, Egypt had said it wanted either side to have the right to call for a review of security arrangements in Sinai five years after the peace treaty was signed. This was sensible because such security arrangements as the positioning of UN forces, were intended as only temporary measures
- Egypt had not hardened its line over a date for elections to a Palestinian authority in the Gaza Strip or the West ment of that authority. Bank, or for the establish-
- On Israeli claims that Egypt had put back the date for exchanging ambassadors, the officials said this had been contingent on Israel's previous agreement on accelerated withdrawal from Sinai.

BANGLADESH ELECTION

Easy win likely for Zia

BY KEVIN RAFFERTY IN DACCA

MOST OF Bangladesh's main opposition parties have threatened to boycott the January 27 general election, heralded as the country's "return to democracy."

Judging by the vigorous tone of the public pronouncements, what promised to be a confusion of names and parties and interests and splinter groups, with electors facing lists of 20 or more candidates, looks like turning into a one-party show for the benefit of President Zia or Rahman.

Reality however is still there to be haggled over and horse-trading is continuing at meetings into the small hours of every morning. President Zia and his Bangladesh Nationalist Party need a good slate of opposition candidates for the credibility of the return to democracy. The opposition need the election and parliamentary seats either for a share in power or to be in the reckoning when power changes hands.

The opposition have put forward a series of demands which they say must be met or they will boycott the election. The five main ones are the lifting of martial law. President Zia to resign from the army. the repeal of the fourth amendment to the 1972 constitution (establishing a one party state and a presidential instead of parliamentary system of government), freeing of political prisoners and Press freedom.

No agreement

The biggest opposition groups could not agree on their joint opposition however. The faction of the old Awami League led by Malek Ukil made its own list of eleven demands; the Muslim League put forward ten points including the postponing of the election until April, and the Mizanur Rahman Chaudhury group of the Awami League and the United Peoples Party issued their own statements.

In an interview President Zia indicated that he would be prepared to meet some of the demands, but he was firm that

Prime Minister Zia ur Rahman

"it is not possible to lift martial law. It would leave a gap which only Parliament can fill."

He promised the elections would still be "absolutely fair," adding "it is important to go to the people and I am anxious that there should be exchanges of views. To form opinions it is necessary to talk to one another. Let the parties talk. The biggest success will be that Parliament is sitting there, elected by the people.

"I cannot do everything in this country. Nor can 10 fellows do everything. But everyone can do everything."

The President said that Parliament would be sovereign, but his advisers are still working on the form of relationship between him and Parliament. The probability is of a revision of the fourth amendment to give the President the controlling hand, but allow Parliament to pass the laws and act as a general debating chamber.

Family ties

It is difficult to guess how many of the political parties would be won over by such a formula. The Dacca elite is small and close knit with family ties often both uniting and dividing protagonists. Bangladeshi pundits expect that all bar a handful of parties will eventually contest the election, and even if they do not enter as party men, leading politicians will contest as individuals.

It is unlikely that President Zia will give up his post of commander in chief of the armed forces. His supporters point out that the U.S. President and most others heads of state in the world also head their country's armed forces But the Bangladesh President, though he has largely discarded his major general's uniform and rides in a modest Toyota instead of a two starred military jeep, still lives in the army cantonment.

"One" reason is undoubtedly that he wishes to make sure that he knows what is going on within the army. Although small and badly equipped the army represents a powerful force in Bangladesh—and more important believes it had the right to be an arbiter of power. One senior staff officer told me: "I fought to create this country and I am not going to see the politicians mess it up."

Taipei doubt on U.S. sincerity

THE "de-recognition of Taiwan by the U.S. will inevitably produce some adverse effects on the island's economy in the short-term future, the Premier, Mr. Sun Yuan-sun, told a group of foreign correspondent yesterday. Whether the impact was more than temporary would depend on measures taken to safeguard Taiwan's security, the Premier added, Charles Smith reports from Taipei.

Mr. Sun said he doubted the sincerity of U.S. expressions of concern about Taiwanese security and wanted to see concrete steps taken by Washington to improve the situation. Taiwan had submitted "quite a long" arms shopping list which included new high performance aircraft and the Harpoon defensive missile. It had not yet received a positive answer from Washington.

Bhutto warning

MR. ZULFIKAR ALI BHUTTO, Pakistan's condemned former Prime Minister, yesterday concluded his personal appeal against execution with a sharp warning of the "traumatic" consequences for the country if he is hanged, Christopher Sherwell reports from Rawalpindi. "People have been going through agony because of what's happened to me," he told the seven judges of the Supreme Court. Mr. Bhutto again insisted he was innocent of conspiring to murder

Janata hijack charge

accused the opposition Congress party of being involved in the hijacking of an airliner in protest at the jailing of former Indian Prime Minister, Mrs. Indira Gandhi, K. K. Sharma reports from New Delhi.

The hijackers surrendered to police early yesterday but mob violence, arson and demonstrations continued throughout the country, particularly in the south.

Zambia draws more IMF credit

BY MICHAEL HOLMAN

LUSAKA — Zambia has drawn a further SDR 25m tranche, under the two-year SDR 315m International Monetary Fund (IMF) programme agreed in March this year, a senior Bank of Zambia official said yesterday.

Drawings now total SDR 150m. The agreement provided for an immediate drawing of SDR 49m, under the compensatory finance facility. Of the SDR 250m standby facility, SDR 50m was drawn when the agreement was ratified in April, and the balance is being released, quarterly, subject to fulfilment of IMF terms. A further SDR 16m from the trust fund is expected in early January.

The credit was provided at between 4.2 per cent and 4.7 per cent interest, and is repayable over three years, after two years' grace, with provision for rescheduling.

The programme's terms include progressive reduction of overall balance-of-payments deficits, to achieve balance in 1980, restraints on government spending, including cuts in consumer subsidies, reduction of losses in the mining industry and phased elimination of arrears in import and other payments.

Government officials say they have met IMF targets through the exercise of strict financial discipline. One exception has been the target for reduction of arrears in payments for imports and remittance of profits and dividends. The year-end target was SDR 430m, about 440m Kwacha.

Although the mid-year limit of 475m Kwacha was met, the backlog of copper exports knocked the economy seriously off course. The backlog is 80,000 tonnes (12 per cent of 1978 production and worth over £60m at today's prices), and, as a result, arrears have climbed to about 500m Kwacha.

Botha sets Namibia terms

BY QUENTIN PEEL

WINDHOEK—Mr. P. W. Botha, the South African Prime Minister, yesterday described the dangers to South Africa, including economic sanctions and a continuing guerrilla war, of an internal settlement without international recognition in Namibia (South West Africa).

At a closed session of the Namibian assembly, which was elected in a South African supervised poll boycotted by the major black nationalist groups, he explained how far his Government was prepared to go to seek an internationally-acceptable settlement, and the safeguards it was demanding from the UN to prevent forcible seizure of power by the guerrilla forces of the South West Africa People's Organisation (SWAPO).

The South African Prime Minister arrived at the Turnhalle building, where the assembly meets, in a black Cadillac, preceded by riot police armed with FN rifles and machine pistols, and accompanied by Mr. Pik Botha, the South African Foreign Minister, Gen Magnus Malan, commander of the South African defence force, civil servants and diplomats.

The 50-member Assembly is /dominated by the Democratic Turnhalle ALLIANCE (DTA) which won a landslide victory in the South African-sponsored elections and which is decidedly unenthusiastic about a second election next year under UN supervision, as proposed by the UN Security Council.

Mr. Dirk Mudge, chairman of the DTA, yesterday laid down two essential preconditions to any such solution in the territory—a guaranteed timescale to the next round of elections, and additional guarantees of UN impartiality.

Members of the assembly remained silent on details of the discussion when they broke for lunch after 2½ hours, although Mr. Botha declared himself "satisfied" with the talks. Some delegates' questions were "more difficult than seemed on the surface," he said.

The presence of General Malan indicates that the military situation on the Namibian border, and South Africa's commitments to defence of that territory in the event of a failure of present settlement efforts, was under discussion.

South Africa has promised the five Western members of the UN Security Council to "use its best offices" to persuade the territory's internal leaders to opt for an international settlement, and UN-supervised elections. However, South African officials have stressed that no overt pressure will be put on the assembly to agree to a further poll.

Observers sympathic to the South African Government think that Mr. Botha is doing his best to persuade the internal leaders of the need to achieve the widest possible international recognition, although not at the cost of what is described as "national suicide."

Less sympathetic observers are more sceptical, believing that the South African Government is not convinced of the benefit of a UN supervised poll, if there is any danger that SWAPO might emerge victorious. South African officials are apparently confident that the nationalist movement will itself back out of any election at the last minute.

SWAPO has described the exercise as a farce, but spokesmen here maintain that it is prepared to take part in a UN-supervised election as proposed by the Security Council.

Civilian Cabinet setback in Iran

BY SIMON HENDERSON

TEHRAN — The National Front, Iran's main organisation of political as against religious opposition, has refused to join in a new civilian Cabinet now being canvassed as a replacement to the military-led administration of General Azhari.

The Front's refusal, along with the opposition of the religious leaders, makes it unlikely that the new Government will achieve much political legitimacy even if it is formed. Dr. Sanjabi, the National Front leader, says in a letter to Dr. Gholam Hossein Sadiqi, the prospective Prime Minister, that it was with great regret that he had heard that Dr. Sadiqi had accepted the mission of trying to form a Government.

Both men were in Dr. Mossadegh's administration in the 1950s during which the Shah had to flee the country temporarily. In his letter published yesterday, Dr. Sanjabi reminded his former colleague of his companionship then in the same effort, struggling against "this very dictatorial system which has not changed its nature."

Dr. Sadiqi has not associated himself since with the present-day National Front's comparatively hard line against the Shah's regime. The emphasis and use of the phrase "regime" is important as observers think this line is not as strong as that taken by supporters of the Ayatullah Khomeini, the exiled religious leader who wants the Shah to be removed.

Dr. Sanjabi told Dr. Sadiqi that the latter's acceptance of the responsibility of forming a new Government will be considered a negation of his past record. He reminded Dr. Sadiqi of his past honour as a result of his association with Dr. Mossadegh, and pointed out that the Iranian people have shown great unity in revolting against dictatorship, foreign domination, the plunder of the national wealth and the constant violation of the constitution.

"Your decision to associate with the present regime can only result in failure and therefore you cannot depend on the consent or co-operation of the National Front," Dr. Sanjabi wrote.

Despite this attack, Dr. Sadiqi is said to be in favour of some policies which could win the support of the middle range of the anti-Shah opposition which the National Front represents. Dr. Sadiqi is said to be prepared to allow the Shah to stay on as a constitutional monarch and as Commander-in-Chief of the army but is determined that the Shah stays out of the day-to-day running of the Government.

OPEC price warning over dollar

KUWAIT — Mr. Rene Ortiz, Secretary General of the Organisation of Petroleum Exporting Countries (OPEC) warned yesterday that the group may consider a further increase in the price of oil before June, if the U.S. dollar falls further and international inflation rises more.

In an interview with Kuwait's news agency KUNA, Mr. Ortiz, rejected the strong criticism levelled by western industrial nations against OPEC for increasing the price of oil by a phased 14.5 per cent at its biannual meeting in Abu Dhabi last weekend.

The next regular OPEC meeting was scheduled in Geneva in June, "to consider any further decline in the value of the U.S. dollar, and to take proper measures to meet this," he said.

"But if the international economy deteriorates rapidly, there is a possibility that an emergency OPEC ministerial meeting may be held before then," he added.

Ortiz defended the price hike as "a very moderate and responsible move." It was fully justified as partial compensation for the losses suffered by OPEC as a result of the decline in the value of the U.S. dollar and the effect of international inflation on oil revenues, he added.

"The western criticism of OPEC was hasty and unjustified because the industrial nations failed to evaluate the compelling reasons for the price hike, "which was reached after a thorough study of the economical situation in both the industrial and OPEC nations," Mr. Ortiz said.

AP-DJ

Mexican investment will boost jobs

By William Chislett

MEXICO CITY—the Mexican Government and the private sector hope to create between them 600,000 new jobs next year, but even if this optimistic figure is realised it will not stop the level of unemployment from increasing. The population will grow by at least 2m in 1979 to about 69m and an estimated 800,000 new jobs will be needed just to check the rise in unemployment, which is currently said to be 47 per cent taking into account underemployment.

In its 1.1 trillion peso ($56.6bn) budget for 1979 the Government has mentioned as a target the creating of 300,000 new jobs. The private sector has also promised the same number. This is indicative of the upward swing in the economy and growing confidence. The budget is 20 per cent higher than this year's.

Public and private investment to create new jobs next year will be in the region of $25bn and the Government will provide most of it. The Labour Ministry estimates that 380,000 new jobs were created by November this year by the private and public sectors.

The budget reflects the Government's conviction that stage two ofthe six-year plan—to consolidate the achievements of the last two years—can now be entered. Stage three is to move on to higher growth rates.

This year inflation has been cut slightly from last year's 20 per cent to between 16 and 17 per cent. The gross domestic product will increase by 6 per cent compared to three per cent last year and the peso has held firm during the past year with a narrow band of fluctuation. Next year the Government feels that inflation can be further reduced to between 12 and 13 per cent and that GDP will increase by 6.5 per cent.

The number one priority in the public sector remains Pemex, the state-owned oil monopoly, which next year will get 216.2bn pesos ($9.4bn). 39 per cent of the public sector total and three times as much as the federal electricity commission, the next priority.

Oil is the pivotal force in the economy. Pemex's exports are worth $2bn this year and next year are calculated to reach dollars $3.75bn, a massive contribution to the country which could turn the present current account balance of payments deficit ($2.6bn this year) into a surplus in the not too distant future.

The Pemex money will go towards developing more wells and boosting daily production from the present 1.4m barrels to 2m barrels by 1980 so releasing about a million barrels a day for export, but this will entail the creation of few jobs since the oil industry is not labour intensive.

The Government is placing more emphasis on agriculture and fishing next year after neglecting this sector for too long with the hope of creating more jobs. The increase in food production will this year, for the seventh year running, fail to meet the rise in population, which is increasing by 3.5 per cent a year.

About 40 per cent of the country's work force is employed in the countryside and only accounts for 9 per cent of the GDP. In some states like Durango only about 40 per cent are regularly employed. The Government is not unduly worried by the prospect that Mexico will never be self-sufficient in food for foreign exchange earnings from oil can easily pay any food import bill. What is troubling the Government more is the likelihood that rural unemployment is bound to produce mounting social pressure.

Part of the budget will go towards reducing income tax for lower paid workers while tighter measures will be taken against tax dodgers. The Finance Ministry will be able next year to ask for details of earnings and expenses in those cases where it has reason to believe that a person's life style is out of keeping with his officially declared earnings. Nevertheless many people doubt that this will mean that more of the fabulously rich, who are notorious for getting around tax laws, will be caught out.

Tax relief will also be applied to companies to the extent that the excess profits tax will be done away with and replaced by VAT in 1980. The Government feels that this will be more efficient in raising revenue without scaring the private sector away from investing.

After two years of a severe cutback in domestic demand with lower real wages the Mexican economy is now beginning to expand again. This can be gauged from the increased trade deficit which will end this year at around $2bn compared with $1.3bn last year.

Concorde wins go-ahead for subsonic flights deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. civil aviation authorities have cleared Concorde for subsonic operations in that country, enabling British Airways and Braniff International to start flights between Washington and Dallas/Fort Worth, Texas, on January 12.

The U.S. Civil Aeronautics Board and Federal Aviation Administration have been examining Concorde for many months, and are now satisfied that it not only meets the necessary safety and airworthiness requirements for operations inside the U.S., but is also quiet enough for domestic airports.

Any doubts the two bodies may have had about Concorde appear to have been dispelled by the trouble-free visit the aircraft made last week to 16 U.S. cities. More than 250,000 Americans crowded airports in Texas, Arizona, Oklahoma, Kansas, Tennessee and Colorado to see it.

The joint BA/Braniff plan is for BA to fly Concorde supersonically between London and Washington, and for Braniff to fly the aircraft subsonically between Washington and Dallas/Fort Worth, starting about mid-January.

If this is successful, Braniff may lease a Concorde to fly to other points in its network in central and northern South America.

In the meantime, BA and Singapore Airlines have agreed to resume Concorde flights to Singapore, via Bahrain, on January 24.

The flights have been suspended for over a year, because of Malaysian Government objections, on environmental grounds, to Concorde flights down the Straits of Malacca.

A statement by the two airlines, after the Malaysian Government's own statement earlier this month approving the resumption of flights, says there will be three flights a week each way—outwards from London on Mondays, Wednesdays and Fridays, and inwards from Singapore on Tuesdays, Thursdays and Saturdays.

The single Concorde fare, London-Singapore, will be £795.50.

Claims in the U.S. by Senator William Proxmire, one of Concorde's most bitter critics, that the aircraft suffered from wing cracks and was thus a safety hazard, were dismissed yesterday not only by Mr. Brock Adams, the U.S. Transportation Secretary, but also by Concorde's manufacturers, British Aerospace and Aerospatiale.

It was pointed out that some wing cracks, found more than a year ago, had already been fully dealt with by modifications, and the aircraft has been performing without problems since then.

Moreover, the U.S. airworthiness authorities had fully investigated the matter during 1978, and had found no problems to prevent them from clearing the aircraft for U.S. internal flights, while the UK and French airworthiness authorities had also cleared the aircraft.

Mr. Adams said: "The Anglo-French authorities have found that there is no hazard to safety, and we concur now that the existence of the problem is known and the cracks are controlled."

Car workers' leader warns of challenge to pay policy

BY STEWART FLEMING

NEW YORK—Mr. Douglas Fraser, head of one of the most influential U.S. trade unions, the United Auto Workers, has warned that the union may decide to abandon its three-year agreement with the car manufacturers in favour of a short-term contract.

Mr. Fraser said that because of the "unsettled economic climate," a three-year contract might not be in the best interests of the union's 1.4m members.

Mr. Fraser's remarks are yet another sign of organised labour's fears about the impact of the Carter Administration's wages policy which aims to limit wage increases to around 7 per cent in the first year of any new contract.

Although additional fringe benefit allowances will raise that figure slightly in some cases, the Administration is now conceding that inflation in 1979 will probably be higher than 7 per cent.

The auto workers' current three-year contract expires on September 14, 1979, and, depending on the level of wage increases negotiated, a settlement in the industry could help or impair the Carter anti-inflation programme. The auto industry settlement will follow the Teamster's Union negotiations with the trucking industry in March.

Mr. Fraser has previously given carefully qualified support to the anti-inflation programme, partly, it is felt, because he has no reason to come down either for or against it before he sees it in action.

A decision by unions in the cars, steel, coal or trucking industries to abandon the traditional three-year contract or seek a clause allowing renegotiation in the light of changed economic circumstances, could add to the Administration's problems.

Record aircraft orders forecast

BY DAVID BUCHAN

WASHINGTON—Discount air fares, stimulating additional air traffic, will lead airlines to order aircraft from U.S. manufacturers in record numbers next year, the Commerce Department predicted yesterday in an annual forecast on the U.S. aerospace industry.

Aircraft sales, the Department says, are likely to rise by 40 per cent in 1979, to $18.1bn. This includes a forecast 69 per cent increase in civil aircraft sales to $10.9bn.

Airline profitability, likely to be at a record level this year, may be hurt by the recent OPEC oil price rise, since aircraft are heavy users of oil. Nonetheless, the airlines have been generally launching a big re-equipment programme, partly the result of federal regulations requiring them to use less noisy aircraft.

The rise in military aircraft sales will be less dramatic, 10 per cent next year. This presumably reflects in part President Carter's decision to limit U.S. arms sales to many third world countries, and the fact that one big buyer, Iran, has for the time being virtually dropped out of the American market.

The Commerce Department predicts that next year total aerospace exports, including aircraft, engines, spare parts, missiles and space vehicles, from the U.S. will reach $12.9bn, and imports $1.1bn. Overall, total U.S. aerospace sales will increase by 20 per cent next year to $47bn.

Mixed reaction to budget cuts

BY OUR OWN CORRESPONDENT

WASHINGTON — President Carter's plans to cut social and welfare programmes financed by the federal Government, as a means of paring the 1979-80 budget deficit to $30bn, has met a mixed reaction: sharp criticism from Democratic city mayors and qualified approval from governors of both political persuasions.

The President has been preparing the outline of the budget he will present to Congress next month, among some controversy caused by his intention to maintain defence spending at the expense of domestic programmes.

Whether the new defence budget will show a real increase along the lines of the NATO commitment—remains to be seen.

Nine Democratic mayors from some of the biggest cities were critical, when they met Mr. Carter on Wednesday, of his reported plan to cut $4bn off public sector jobs, $5bn off welfare, and $6bn off public housing. The Mayor of Boston warned that this could damage the big city democrat vote which Mr. Carter will need if he seeks re-election in 1980.

Mr. Carter, however, found more sympathy with his goal of reducing inflationary pressures by cutting federal spending from the National Governors Association. The governors suggested that federal money could be saved by channelling more regional aid through their offices rather than through those of city mayors.

Cleveland's financial troubles increase

BY OUR OWN CORRESPONDENT

WASHINGTON—The bills are mounting for the financially troubled city of Cleveland, while its mayor, Mr. Dennis Kucinich, and its council seek to find a way out of the impasse that last week led Ohio's largest city to default on $15.5m in loan repayments.

The city has at least another $13m to pay by the end of the year, and one creditor, the Ohio State Police and Firemen's Disability Pension Fund, has decided to take action. The fund has filed a court suit, seeking the payment out of city revenue of $2.7m it has been owed by Cleveland since mid-October. A similar payment is due on December 31, when Cleveland also has to pay $3.6m to its Public Employees Retirement Fund and $3.6m to the Cleveland Electric Illuminating Company, the City's private power company.

The pension fund's claim is another sign that Cleveland will not be freed from its financial predicament even if local banks agree to refinance their loans. This is now a possibility, following Mr. Kucinich's agreement to allow the issue of selling the city-owned power company to be put to a vote by the city's 625,000 residents.

The council, which has been at bitter odds with the mayor, is expected to decide by the end of this week whether to endorse a ballot on the power plant sale, together with a proposed 50 per cent increase in the city income tax.

Canadian air fare rises suspended

By Victor Mackie

OTTAWA—Air fare increases scheduled to go into effect on January 1 in Canada for its two major airlines and five regional air carriers were suspended yesterday until April 1 by the Canadian Transport Commission, a Government agency.

Air Canada, CP Air, Transair, Nordair, Pacific Western Airlines, Quebecair, and Eastern Provincial Airlines had earlier won approval for increases in fares averaging 5 per cent from the New Year.

The Commission said recent developments, including the November budget must be taken into account

Costa Rica captures Nicaraguan soldiers

SAN JOSE—The Costa Rican Civil Guard yesterday claimed to have captured 15 members of the Nicaraguan National Guard near the frontier town of Los Chiles. A Government spokesman said a high-ranking officer was among the group arrested inside Costa Rican territory.

Unofficial sources said the Nicaraguans were arrested while pursuing left-wing. Sandinist guerrillas who are fighting the government of President Anastasio Somoza.

In Managua, a National Guard spokesman said an eight-man Nicaraguan patrol had been captured inside their own territory.

Costa Rica has severed diplomatic relations with Nicaragua on the grounds that Nicaragua consistently had violated its territory.

Agencies

Peru deports Chile officers

LIMA — Peru says two Chilean navy officers were caught spying in Peru earlier this month and deported to Chile. The Peruvian Foreign Ministry has confirmed details in a front-page article in the weekly El Tiempo, which said they were the captain and the second-in-command of a Chilean Navy tanker, the Beagle.

Reuter

U.S. COMPANY NEWS

Occidental withdraws bid for Mead; AT and T profits attacked as excessive; Dictaphone approves Pitney-Bowes offer — Page 16

Shipowners in France face rise in losses

By Terry Dodsworth

PARIS — New competition from the developing shipping industries of the Far East and Eastern Europe is pushing the French Merchant Marine deeper and deeper into losses, according to figures produced by the Central Committee of French Shipowners yesterday.

Against a deficit of FFr 2bn ($465m) in 1977, French shipowners lost FFr 1bn in the first half of this year and are facing a considerable increase in the bill for the last six months.

Part of this haemorrhage was caused by the seamen's strike which brought Marseilles to a close for much of November. But at the same time the shipowners would like to see more Government help to restructure the industry, particularly in the bulk cargo business.

A recently announced Government programme of limited help for re-equipment and financing the fleet during the next two years has been dismissed as inadequate.

The figures show that the problems which have overtaken the industry spread into virtually every sector, with tonnage falling and ships being laid up and orders for new vessels stagnating.

Because of the rising rate of scrappage, the number of ships in the fleet is falling and the tonnage is also in decline, for the first time since 1964 and only the second since the War.

On October 1 the fleet was down to 460 ships, compared with 488 on January 1 this year, and of these 17 were laid up. In addition, some 45 new vessels have been cancelled so far this year.

Finland in pulp, paper plant deals

By Lance Keyworth

HELSINKI — Finnish engineering expertise in the forest industry sector and the growing interest in this country in joint export ventures with foreign firms has recently been rewarded with two sizeable contracts.

Manila Paper Mills of the Philippines has signed a contract with three Finnish concerns and a Swedish company for the planning and building of a new pulp and paper mill complex on the island of Mindanao. The project is valued at FM 0.5bn overall (roughly £62m).

The Finnish companies are Ekonomo Oy, responsible for planning and supervision of the start-up, A. Ahlstrom Oy and Wartsila Oy which will deliver the pulp and paper making machinery. The turbogenerators and high tension equipment will be delivered by Stal-Laval of Sweden.

The production capacity of the pulp mill will be 520 tonnes of bleached sulphate a day, and the paper mill will turn out 280 tonnes daily.

On the other side of the world, Enso-Gutzeit Oy has signed an agreement on technical assistance and co-operation with Corporacion Forestal Industrial de Olancho (Corfino), of Honduras. The Olancho project is valued at $600m (FM 2.4bn) in all. It comprises three sawmills and a pulp and paper mill.

Swedes to aid Greek meat industry

By John Walker

STOCKHOLM — A major restructuring and modernisation of the Greek meat industry is to be carried out by a Swedish concern, Industribyggnader Stenungsund of south Sweden. The total cost will be about SKr 600m ($139m) spread over the next four years.

The first contracts out of about 15 will be signed today. Co-operation with another Swedish company is expected as soon as negotiations are completed, which is expected in the near future.

The order includes the modernisation of eight or nine slaughter houses and ancillary plants. It is expected that the Swedish Government will guarantee loans for a considerable proportion of the project. It is forecast that the project will provide about 2,000 to 3,000 job opportunities in Sweden for the sub-contractors and about 300 people in the Greek building and contracting industry.

HK deficit up

HONG KONG — Hong Kong's visible trade deficit soared to HK$1.24bn (£130m) in November compared with a deficit of HK$402m (£42m) in November 1977.

While domestic exports declined fractionally to HK$3.8m in November and re-exports rose 11.7 per cent, imports were 14.5 per cent up at HK$6,420m compared with the same month a year previously apart from seasonal factors, the rise in the November trade deficit reflected the lagged effect of the recent sharp decline in the value of the Hong Kong dollar relative to the currencies of the Colony's major trading partners.

Reuter

Optimism as Geneva talks adjourn until next year

BY REGINALD DALE, EUROPEAN EDITOR

GENEVA — THE U.S. and the EEC are now near agreement on all the main issues at stake in the Tokyo Round, the world's most comprehensive trade negotiation ever undertaken.

The talks will adjourn for Christmas here today without reaching full accord on an overall package of trade reforms in time to meet the end-year deadline. But negotiators are now increasingly confident that the remaining difficulties between Washington and the Community can be resolved fairly swiftly in the New Year.

Following agreement earlier this week between U.S. and Japan and a number of other industrialised countries, bilateral deals between the EEC and the U.S., and the EEC and Japan, are the last major pieces that must fall into place in the negotiations between the world's leading trading nations. Substantial progress towards a U.S.-EEC agreement is expected to be announced in a joint statement by the two parties here today.

The biggest outstanding problem concerns the package of industrial tariff cuts due to be implemented in the eight years starting from January 1, 1980. Here, the Community is still pressing Washington for further concessions on textiles, chemicals, ceramics, leather goods and shoes. For its part, the U.S. also wants greater access to the EEC market for textiles and chemicals, as well as concessions on paper and lorries.

Nevertheless, senior officials here are now confident that a week or so of negotiating should be enough to reach agreement on tariffs after the talks resume on January 8. Negotiators said yesterday that 90 per cent of the deal was in the bag.

The expectation is that the final result will be an average reduction of around 30 per cent in industrial tariffs, a little less than the outcome of the last major set piece negotiation in GATT, the Kennedy Round.

There is also growing confidence that the US and the EEC will soon be able to settle their differences on the other main issue dividing them, the community's insistence that countries should be authorised to impose selective safeguards against cheap imports, rather than having to act against imports from all sources simultaneously.

The main problem here will be to persuade a sufficient number of developing countries to subscribe to such an agreement. If they do not the EEC will revert to using existing GATT safeguard procedures, which, it maintains, already allow selective action in some cases.

The hope in EEC circles is that the European Commission will be in a position to put a comprehensive outline agreement to the council of Ministers meeting set for February 6. The next two months would then be spent selling the agreement to the developing countries.

By then, the hope is that the U.S. Congress will have passed legislation relieving the Administration of an obligation to impose new countervailing duties on subsidised imports, a pre-condition to the Community's final approval of the Tokyo Round package.

France is still reserving its position on the entire outcome of the negotiations, but the view here is that the French Government will be less inclined to disrupt the talks in the New Year, when it begins its six months stint as president of the Council of Ministers.

From this point of view, there is some advantage that the talks have not been concluded by the end-year deadline. France will be able to argue—if the U.S. makes fresh concessions in the New Year, that they are due to the tough French line of the last few months. Paris will be in a position graciously to accept the final deal.

Saudis meet Iranian oil shortfall

BY JAMIE BUCHAN

JEDDAH—Saudi Arabian exports of crude oil registered another large increase last month as the Kingdom stepped up liftings to meet the shortfall in Iranian production caused by the Khuzestan oil workers strike at the end of the month.

The Ministry of Petroleum and Mineral Resources announced that the daily average for November was 9,645,669 barrels against 8.8m b/d in October, 7.57 b/d in September and 6.95m b/d in August—an indication of the steady improvement in demand in the months leading up to last week's 14.5 per cent OPEC price rise.

But greater liftings of Arabian heavy at the end of the month, to make up for the disruption in Iranian heavy output, accounted for much of the increase in November, the State Petroleum Organisation, Petromin, said earlier this month.

However, Oil Minister Sheikh Ahmad Zaki Yamani said after the OPEC meeting on Sunday that Saudi Arabia would "bear the burden" of reducing output if there is a market surplus when Iranian production improves, which will also ensure that Saudi production does not exceed the production ceiling of an average of 8.5m b/d over the year.

In an interview with the Jeddah daily Al-Medina, Sheikh Yamani defended the OPEC 14.5 per cent price rise to be implemented in four stages next year and said that the outcry in the industrialised countries was "unjustifiable."

"The 1973-74 recession was blamed on OPEC's price rises, but five years later one can say confidently that the consumers' response was premature. History is repeating itself now," he said.

"The price increases were in fact a "blessing in disguise, providing a strong incentive towards exploration in new areas, Alaska, Mexico, the North Sea and other offshore areas neglected in the past because of high drilling costs," he said.

CITREON of France has developed a range of vehicles based on the running gear of the 2CV to enable developing countries to set up their own embryo motor industries without the need for any major capital investment. The new body developed by Citroen for this chassis is built entirely of folded steel sheet.

The new range is called FAF from the French "facile a fabriquer" (easy to make) and "facile a financier" (cheap to finance). "The FAF project is aimed at helping developing countries with two of their major problems: the adverse effect on their balance of payments of having to import most manufactured goods, and the need to create employment at home—and ultimately, therefore, to achieve technological independence and a higher standard of living," Citroen states.

The FAF achieves these objectives by permitting the manufacture of both the chassis and the bodywork (some 50 per cent of the whole vehicle) with low-investment local facilities. It also reduces transport costs for those parts which must still be imported, since their volume will only account for some 20 per cent of a complete vehicle or some 40 per cent of a completely knocked-down kit.

Toshiba to meet American TV demand from the U.S.

TOKYO — Toshiba, Japan's second largest manufacturer of general electric equipment, said yesterday it had halted exports of colour television sets to the U.S. because of high taxes and the yen's rise against the dollar.

A spokesman said the company, instead, will double production capacity of the Memphis, Tennessee, plant operated by its subsidiary, Toshiba America, from the present 15,000 units a month.

Hitachi, another leading electronics equipment maker that has also been reported to have stopped colour TV exports to the U.S., denied the reports, saying that the company has no plans to do so. A spokesman noted that some 80 per cent of Hitachi's colour TV exports originate from its plants in Taiwan and Singapore, thus making it unnecessary for the company in Tokyo to take such a step.

The spokesman pointed out, however, that it is true "the circumstances surrounding Japan's exports to the U.S. are becoming increasingly difficult."

Matsushita Electric Industrial, Sanyo Electric, and Sharp, —all leading Japanese electric equipment makers — have already declared their intentions to stop colour TV shipments to the U.S. and a fifth producer, Mitsubishi Electric is reportedly to follow suit.

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● Sony announced yesterday it will build its first overseas video tape recorder manufacturing plant in Brazil, to commence operations early in 1980, Reuter reports.

Following official authorisation granted by the Brazilian Government, construction will begin early next year.

Irish announce incentive scheme

BY OUR OWN CORRESPONDENT

DUBLIN — The Government of the Irish Republic is to introduce an industrial incentive scheme to replace the tax holiday presently allowed to foreign companies exporting goods.

From January the Government is to charge a special rate of 10 per cent corporation tax for all manufacturing industry. The scheme will run until December, 2000.

Dublin's Minister for Industry and Commerce, Mr. Desmond O'Malley, said the purpose of the scheme was to attract foreign investment in order to reduce unemployment.

The new regulations make no distinction between export and home sales, something which was demanded by the EEC Commission.

The Minister said that it would be in the interest of manufacturers in the Republic to bring forward their investment plans to 1979 and 1980, so that they could get maximum benefit from the new incentive scheme.

Japanese loan for Russia

By Richard C. Hanson

TOKYO — The Export-Import Bank of Japan has signed a protocol with the Soviet Bank for Foreign Trade on a Y58.6bn loan ($300m) to finance about 700,000 metric tons of large-diameter line pipe imports in 1979.

The agreement was signed in Tokyo on Monday by Eximbank president, Mr. Satoshi Sumita, and Mr. V. M. Ivanov, Soviet Deputy Minister of Foreign Trade.

Four major Japanese steelmakers have already completed negotiations on the sale of the first 200,000 tons of pipe to be shipped in the first quarter of 1979.

The Japanese makers apparently were able to win a price increase, but declined to say by how much. Indications are, however, the rise was more than 5 per cent over shipments this year.

For 1978, the Soviets had negotiated already for about 700,000 tons of large size line pipe also financed by the Japanese Eximbank. Reports are that the loan for these shipments was the equivalent of $230m in yen.

The final amount of 1979 shipments will depend on how much the Japanese can raise prices. Export prices generally have been on the rise. The Japanese companies involved are Nippon Steel, Kawasaki Steel, Nippon Kokan, and Sumitomo Metal Industries.

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Slower rise in domestic demand forecast

BY DAVID MARSH

OECD ECONOMIC OUTLOOK

GROWTH IN domestic demand is expected to slow in the OECD area during 1979, according to the organisation's six-monthly Economic Outlook published today. Unemployment is likely to rise slightly, but inflation will be reduced further in most countries and an "encouraging" ironing out of current account imbalances is expected, especially in the U.S. and Japan.

Real growth in GNP is forecast to total 3 per cent next year, against 3.5 per cent this year. Total domestic demand should increase 3.25 per cent, compared with this year's 3.5 per cent, reflecting a weakening in the U.S. economy and the OECD Secretariat's assumption that policies in Japan and West Germany will become less expansionary in the second half.

The report was written before last weekend's OPEC decision to raise oil prices by an average 10 per cent next year. The Secretariat's assumption, used in its forecasts, was that prices would rise 5 to 6 per cent: the higher actual increase is likely to reduce the combined GNP of the OECD area by about 0.25 per cent compared with the projections in the report.

The appropriate focus for discussion of developments in the OECD area, in the Secretariat's view, is not global GNP growth so much as the newly-evolving pattern of domestic demand among member countries.

As a result of expansionary fiscal policies in Japan and West Germany, and tightening monetary and budgetary measures in the U.S., there will be an encouraging "scissors movement" of domestic demand growth between the U.S., where it is shrinking, and the other largest countries, where it is speeding up.

Conversely, net exports are already strengthening in the U.S. and weakening in Germany and Japan. By early 1979, the rate of domestic demand growth in the U.S. will be considerably below that of Europe, the first time this has happened since the latter part of 1975.

During the years 1976-77, the annual growth of domestic demand in the U.S. exceeded that of the other major countries by nearly 3 percentage points. In 1979, the U.S. rate is likely, however, to be nearly 3 percentage points below that of its major partners.

This is expected to help reduce considerably the uneven pattern of current payments balances which has been a major factor behind the exchange rate fluctuations this year. On the assumption of no further important changes in effective exchange rates, the report (which was made on the basis of average rates of November 6—8), the OECD forecasts that the U.S. current account deficit and the Japanese surplus might both be roughly halved in dollar terms in 1979 and the German surplus could be substantially reduced.

The overall OECD current account position, in deficit by $27.5bn in 1977, is expected to be broadly in balance in both 1978 and 1979—the first time since 1973 that for a sustained period the area was not in substantial deficit.

Weak commodity prices — especially oil prices—are the main factor behind the reduction in the deficit. About half of the improvement appears to have been with OPEC, while $10bn of it seems to have been in the form of terms of trade gains vis-a-vis non-oil developing countries.

Unemployment in the OECD area, given the forecast lower growth of output and an expected pick-up from this year's weak productivity performance, is likely to rise from its present rate of around 5.25 per cent to perhaps 5.5 per cent in the latter part of 1979.

During 1978, the rate of growth of employment has been particularly rapid. However, expansion of the labour force in recent months has matched that of employment, so that total unemployment in the area, excluding Turkey and Portugal, was about 15.75m in the third quarter of 1978, about the same as at the start of the tax year.

Consumer price inflation is forecast at 6.5 per cent for 1979, a slight slowing from 6.75 per cent in 1978. Again, however, the higher than expected oil price rise, will disturb the report's assumptions, and is likely to add a further 0.4 per cent to the area's combined inflation rate on an annual basis by the second half of next year.

On the exchange rate assumptions made in the report, the Secretariat expects a narrowing in the dispersion of exchange rates. However, an important exception is that the spread between consumer price increases in the U.S. and in the other major OECD economies is expected to widen in the near term.

The recent deterioration of the U.S. price performance is "disturbing"; hence the importance to be attached to achievement of the aims of the Administration's anti-inflation programme.

Given the need to consolidate the recent strengthening of the dollar, a temporary period of slow growth of the U.S. economy is probably both inevitable and to be welcomed, the report says.

The measures to support demand growth in Germany and Japan, together with such steps as the other three stronger-currency countries—Belgium, Holland and Switzerland—may be able to take to this end, should help moderate the impact of the U.S. slowdown on other economies.

The November 1 action to stabilise the dollar, the reduction in inflation and balancing out of the OECD's current account deficit are all factors which seem to be running in favour of less turbulent conditions on exchange markets and better business confidence.

But until a further important indentation has been made in the remaining problem of inflation, the prospects for reducing unemployment further may not be very bright.

The "convalescent" countries so far operating under inflation and balance-of-payments restraint have therefore still to guard against any demand-management action which would exacerbate inflation.

Elbow room for these countries to expand somewhat their own domestic demand has begun to emerge, and in some cases may even increase.

But in each of the four large countries in this category, there are particular reasons why the timing of any further measures must be subject to extreme care.

In France, the economy is in the process of adjusting to the lifting of exchange controls. In the UK, the Phase IV wage round is at a critical stage. (The report was written before the parliamentary defeat of the Government's pay policy.)

In Italy, measures envisaged in the Government's three-year plan still have to be adopted, and the outcome of important wage negotiations is uncertain. In Canada, the transition from a period of wage and price controls has to be completed. And in the smaller countries—whose combined current account balance probably shrank by more than $10bn in 1978 largely as a result of measures to limit domestic demand and inflation—there is continuing need for caution.

On another precautionary note, the OECD points to the possibility that domestic demand growth will weaken in the latter part of 1979 in both Japan and Germany.

Capacity utilisation levels expected in the early parts of the year, and relatively depressed export prospects, may not be sufficient to spark off the investment boom needed if autonomous private sector demand is to take over the running from policy-induced boosts.

Private sector expenditure in these two countries could be more buoyant if calmer foreign exchange conditions prevail through 1979. Nonetheless, it will be appropriate for the two governments to be alert to forward-looking indicators as the moment approaches for the mid-year VAT increase in Germany and for the exhaustion of the present stimulus from public sector expenditure in Japan.

SUMMARY OF DEMAND AND OUTPUT FORECASTS
(Per cent changes, annual rates)

	From previous year 1977	1978	1979	From previous half-year 1978 I	1978 II	1979 I	1979 II
Total domestic demand							
Total OECD	3½	3¼	3½	3½	4¼	3	2¼
United States	5½	3¾	1½	3	3½	1	½
Japan	4	6¼	7	7¾	7¾	7¾	5¼
Germany	2½	3¼	4¾	2¾	5	5½	3½
Total OECD less U.S.	2	3¼	4¼	3¾	4½	4½	3½
Real GNP							
Total OECD	3¾	3½	3	3½	3¾	2¾	2½
United States	5	3¾	2	2¾	4½	1¼	1
Japan	5¼	5¾	4¼	7¾	4	5¼	4¾
Germany	2½	3	4	2¾	4	4¼	3¾

GNP growth of 2% for U.S.

REAL U.S. GNP is expected to grow by about 2 per cent in 1979, lower than earlier official forecasts of about 3 per cent and a substantial fall from this year's likely 3.75 per cent.

The difference compared with the official projection reflects the OECD view that the success of the counter-inflation policy will take somewhat longer to become apparent than is expected by the U.S. authorities.

The unemployment rate may rise from the second-half 1978 average of around 6 per cent to about 6¾ per cent in the second half of 1979.

Inflation measured by the GNP inflater is forecast to be 7¼ in 1979, with some deceleration likely during the year.

The improved competitive position of U.S. exporters is expected to improve their share of foreign markets in 1979, and, with slow growth of imports, the current account deficit may improve considerably, falling from $18bn in 1978 to perhaps $8bn in 1979.

By the second half of 1979, the current deficit is expected to be running at an annual rate of $5bn.

The current account surplus of Japan may come down to around $10bn at an annual rate in the second half of 1979, compared with more than $30bn in the second half of 1978. This reflects the continuing switch in the pattern of demand from net exports towards domestic expenditure.

The recent reflationary package and the assumed expansionary stance of fiscal policy in fiscal year 1979 should contribute markedly to domestic demand, which is projected to rise at an annual rate of close to 7.75 per cent in the first half of 1979.

Because of the expected strong negative contribution from the change in the foreign balance, the growth of real Japanese GNP should be much more moderate—at about 4.75 per cent next year against 5.75 per cent in 1978. But major importance should not be attached to this. Japan, the report remarks, is a good example for the Secretariat's suggestion that at present it is more important to look at domestic demand than at overall GNP trends.

In West Germany total domestic demand is forecast to grow by 5 per cent in the first half of 1979, strongly influenced by the expansionary measures decided under the government's reflation package. However, demand could decelerate later on after the VAT increase is introduced in mid-year.

GNP is expected to rise by 4 per cent in 1979 against 3 per cent this year, which will spark off an increase in labour demand. But as the population of working age is increasing rapidly, this may not result in a decline in unemployment.

Germany's low inflation rate seems likely to be maintained, with the GNP deflator expected to rise by 3.5 per cent, slightly less than in 1978.

Import volume will pick up sharply and the terms of trade will deteriorate slightly, so that the current account surplus should fall significantly to around $2bn from $6bn in 1978.

GDP growth in France is expected to pick up to 3.5 per cent in 1979 from 3 per cent in 1977 and 1978.

Unemployment is likely to stabilise at its end-1978 level, reflecting the likely growth of the labour force. In view of the expected moderation in wage costs, inflation might gradually slow to an annual rate of 7.75 per cent in the second half.

The expected expansion of world trade, and particularly of German imports, should stimulate French exports. But the current account could remain nearly unchanged from its present surplus of about $2bn.

UK payments surplus may reach $2bn

THE RISE in UK gross domestic product, probably about 2.75 per cent in 1978, may slow to about 2 per cent in 1979, according to the report.

Assuming an increase in average earnings of 10 per cent from the ending last August of the Phase III pay policy, the rise in consumer prices could be down to an annual rate of about 8 per cent towards the end of 1979, assuming an increase in import prices of 6 per cent during the coming year.

A current account balance of payments surplus of almost $2bn is forecast in 1979, compared with a deficit of less than $500m in 1978. The oil balance in volume terms is likely to increase as a result of higher North Sea oil production, projected at 80m tons next year against 58m in 1978.

This is likely to outweigh the small deterioration of the real trade balance excluding oil.

The contribution of North Sea oil to GDP growth is estimated at about 0.75 per cent in both 1978 and 1979. Despite the relatively rapid rise in manufacturing output over the last 12 months, the level of activity is still relatively low. Some further growth is forecast, so that in the second half of 1979 output levels should, for the first time since the downturn, be close to those reached at the 1973 peak.

If average wage earnings under the present wage round rise by 12 per cent, the rate of growth of consumer prices would climb to a little over 10 per cent during 1979, instead of the 8.75 per cent under the 10 cent per wage rise assumption. But the addition to GDP resulting from the higher earnings assumption could be less than 0.25 percentage points.

BOND DRAWINGS

SUBSTITUTE

NOTICE OF REDEMPTION

THE DEVELOPMENT BANK OF SINGAPORE LTD.

SINGAPORE

US$10,000,000

8¼% GUARANTEED BONDS 1982

NOTICE IS HEREBY GIVEN that, pursuant to the Agreement dated December 22, 1971 between the Development Bank of Singapore Ltd. and Bank of America National Trust and Savings Association and under Condition 4(a) & (b) of the Bonds, the fourth redemption instalment of US$1,200,000 due January 15, 1979 has been met by purchases in the market to the nominal value of US$694,000 and by a drawing of Bonds to the nominal value of US$506,000 on December 1, 1978 in Singapore.

The numbers of the Bonds so drawn in the presence of a Notary Public for this fourth redemption are as follows:

00011	00022	00023	00028	00178	00180	00181	00210	00212	01013
01014	01016	01020	01078	01144	01149	01151	01201	01220	01672
01673	01674	01755	01761	01766	01769	01793	01812	01813	01826
01829	01840	02221	02226	02232	02235	02248	02249	02250	02369
02383	02384	02402	02404	02409	02411	02414	02418	02422	02423
02478	02479	02480	02481	02523	02540	02550	02554	02566	02567
02570	02597	02613	02615	02664	02665	02720	02735	02906	02907
02927	02930	02938	02941	02942	02947	02951	02954	02956	02968
02969	03074	03075	03099	03115	03128	03135	03136	03140	03141
03143	03146	03158	03164	03234	03272	03276	03286	03298	03314
03315	03316	03317	03328	03332	03382	03400	03445	03458	03495
03496	03526	03537	03538	03539	03554	03557	03558	03569	03570
03633	03637	03698	03765	03781	03800	03826	03847	03912	03914
03919	03978	03982	04002	04004	04010	04024	04041	04042	04076
04091	04092	04099	04100	04107	04108	04110	04121	04131	04151
04152	04357	04518	04521	04550	04567	04568	04578	04640	04643
04660	04666	04667	04680	04700	04707	04724	04726	04752	04757
04758	04759	04766	04767	04775	04778	04798	04806	04807	04845
04851	04859	04867	04886	04896	04899	04900	04910	04929	04941
04961	04972	04992	05003	05136	05179	05202	05276	05277	05279
05267	05289	05290	05301	05303	05325	05333	05351	05366	05367
05375	05379	05383	05399	95425	05441	05447	05443	05455	05457
05462	05481	05485	05486	05510	05519	05527	05528	05532	05535
05548	05592	05597	05599	05602	05616	05639	05642	05643	05654
05779	05794	05795	05827	05851	05852	05854	05865	05863	05869
05906	05907	05908	05925	05933	05973	05975	05976	05996	05999
06261	06262	06263	06278	06279	06284	06299	06330	06332	06340
06407	06463	06543	06643	06670	06686	06692	06693	06791	06819
07015	07016	07020	07023	07024	07030	07031	07048	07065	07074
07078	07080	07111	07121	07140	07144	07145	07156	07172	07174
07175	07186	07293	07311	07321	07323	07325	07368	07370	07384
07385	07495	07496	07499	07501	07519	07522	07548	07535	07538
07545	07551	07566	07583	07589	07593	07595	07596	07602	07618
07620	07624	07649	07659	07660	07661	07666	07674	07676	07693
07708	07721	07727	07730	07731	07732	07736	07777	07779	07799
07800	07805	07806	07814	07815	07816	07840	07856	07865	07866
07868	07870	07873	07882	07883	07885	07887	07924	07934	07959
07967	07975	08070	08094	08110	08123	08334	08342	08364	08367
08374	08395	08578	08591	08603	08604	08611	08612	08613	08615
08616	08620	08738	08739	08751	08763	08800	08852	08854	08857
08858	08860	08926	08927	08940	08975	08978	08982	09019	09025
09028	09029	09072	09082	09088	09094	09109	09311	09315	09324
09342	09356	09360	09371	09380	09393	09407	09408	09409	09415
09416	09426	09427	09429	09441	09442	09443	09449	09450	09451
09484	09489	09491	09516	09524	09539	09561	09564	09572	09578
09609	09612	09615	09616	09624	09625	09626	09628	09642	09644
09687	09692	09695	09696	09705	09714	09721	09733	09734	09743
09746	09783	09791	09792	09793	09806	09807	09818	09819	09828
09832	09839	09846	09851	09855	09858	09863	09884	09885	09891
09898	09902	09909	09928	09932	09937	09938	09945	09949	09951
09953	09954	09955	09981	09990	09992				

On January 15, 1979, there will become due and payable on the Bonds to be redeemed the principal amount thereof with accrued interest to January 15, 1979. On or after January 15, 1979, interest on the Bonds to be redeemed shall cease to accrue.

Payment of Bonds to be redeemed will be made on or after January 15, 1979 upon presentation and surrender of said Bonds with all coupons appertaining thereto maturing after January 15, 1979 at any one of the following Paying Agents:

Bank of America N.T. & S.A., Asia Currency Unit, Clifford Centre, Singapore

The Chartered Bank, 4-4 Des Voeux Road, Central, Hong Kong

The Chartered Bank, 76 William Street, New York, N.Y. 10005 USA

Bank of America N.T. & S.A., St. George's Building, Ice House Street, Hong Kong

Bank of America International S.A., 35 Boulevard Royal, Luxembourg

The Sumitomo Bank Ltd., 1-3-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

The Mitsui Bank Ltd., 1-12 Yurakucho, Chiyoda-ku, Tokyo, Japan

The Bank of Tokyo Ltd., 1-6-3 Hongokucho, Chuo-ku, Tokyo, Japan

Morgan Grenfell & Co. Ltd., 23 Great Winchester Street, London EC2P 2AX, England

The Chartered Bank, Battery Road, Singapore

Interest accrued and unpaid to January 15, 1979 on said Bonds will be paid in the usual manner.

The first, second and third redemptions of US$800,000 each were all fully met by purchases in the market.

The balance of Bonds outstanding after January 15, 1979 totals US$6,400,000.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
Principal Fiscal Agent

COMPANY NOTICES

KOMMUNLANEINSTITUTET AKTIEBOLAG

7¾% 1978/1993 UA 12.000.000

On December 8, 1978 Bonds for the amount of UA 800,000 have been drawn in the presence of a notary public for redemption on January 25, 1979.

The following Bonds will be reimbursed coupon due January 25, 1980 and following attached:

368 to 1167 incl.

Amount unamortised: UA 11,200,000

Luxembourg, December 22, 1978

The Fiscal Agent
KREDIETBANK S.A. Luxembourgeoise

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO. 139

With reference to the notice of declaration of dividend advertised in the press on 22nd November 1978, the following information is published for holders of share warrants to bearer.

The dividend of one rand (R1.00) per share was declared in South African currency. South African non-resident shareholders' tax at 15 cents per share will be deducted from the dividend payable in respect of all share warrants leaving a net dividend of 85.00 cents per share.

The dividend on bearer shares will be paid on or after 2nd February 1979 against surrender of coupon No. 139 detached from share warrants to bearer as under:

(a) At the office of the following continental paying agents:

Banque Rothschild, 21 Rue Laffitte, Paris 9e.

Banque Bruxelles Lambert, 2 Rue de la Regence, Brussels.

Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels.

Credit Suisse, Paradeplatz 8, Zurich.

Union Bank of Switzerland, Bahnhofstrasse 45, Zurich.

Swiss Banque Corporation, 1 Aeschenvorstadt, Basle 4002.

Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg.

[illegible]

Amount of dividend declared: 100

Less: South African non-resident shareholders' tax at 15%: 15

85

Less: U.K. income tax at 18% on the gross amount of the dividend of 100 cents: 18

67

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED, London Secretaries, J. C. Greensmith

London Office: 40 Holborn Viaduct, EC1P 1AJ.

21st December 1978.

NOTE—The Company has been requested by the Commissioners of Inland Revenue to state: [illegible]

NOTICE TO BONDHOLDERS
EUROPEAN INVESTMENT BANK

9¼% DOLLAR NOTES OF 1975, DUE DECEMBER 15th, 1982

[illegible]

EUROPEAN INVESTMENT BANK
December 22nd, 1978

CHARTER CONSOLIDATED LIMITED

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

[illegible]

PUBLIC NOTICES

TAYSIDE R. C. BILLS

£2,000,000 Bills maturing on March 22nd 1979 were offered and issued on December 21st 1978 at an average rate of 11¼% p.a. Total applications for this issue amounted to £14,500,000 and there are £4,000,000 Bills outstanding.

SOMERSET C. C. BILLS

£1,000,000 Bills maturing on March 21st 1979 were offered and issued on December 20th 1978 at an average rate of 11¼% p.a. Total applications for this issue amounted to £5,000,000 and there are £2,000,000 Bills outstanding.

CITY OF BRADFORD METROPOLITAN COUNCIL

Bills amounting to £2,500,000 were issued on 20 December, 1978, for maturity on 21 March, 1979, at a rate of 11¼%. Applications totalled £18,000,000. Bills outstanding total £5,000,000.

THREE RIVERS DISTRICT COUNCIL

£450,000 Bills, issued 21.12.78, maturing 22.3.79, at 11⅞%. Applications total £1,350,000 and there are £450,000 Bills outstanding.

LEGAL NOTICES

No. 002940 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division. In the Matter of WAVIN PLASTICS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 4th day of December 1978 confirming the *reduction of the Share Premium* Account of the above-named Company from £4,858,681 to £3,858,681 was registered by the Registrar of Companies on the 15th day of December 1978. Dated this 15th day of December 1978.

SMILES AND CO.,
15 Bedford Row,
London WC1R 4EF
Solicitors for the above-named Company.

No. 002690 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division. In the Matter of ALLEN BASTICK AND BILLSON LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division, dated the 27th day of November 1978, confirming the reduction of the Capital of the above named Company from £50,000 to £20,000 and the Minute approved by the Court showing with respect to the *share capital of the Company as* altered the several particulars required by the above Act were registered by the Registrar of Companies on the 14th day of December 1978. Dated this 20th day of December 1978.

HARVEY INGRAM
20 New Walk,
Leicester
Solicitors for the above-named Company

No. 004009 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of KENDAL AND DENT LIMITED and in the Matter of The Companies Acts, 1948 to 1967, and in the Matter of The Protection of Depositors Act, 1963.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of December 1978, presented to the said Court by THE SECRETARY OF STATE FOR TRADE of 1, Victoria Street, London, S.W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TREASURY SOLICITOR,
Matthew Parker Street,
London, S.W.1.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

No. 003926 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of OVERGLADE LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 11th day of *December 1978 presented to the* said Court by THE COMMISSIONERS OF INLAND REVENUE of Somerset House, Strand, London WC2R 1LB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a Copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London WC2R 1LB.

NOTE: Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January, 1979.

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Please contact:
Mr. G. C. Winkler,
Dreieichstrasse 5a,
D-6082 Moerfelden-Walldorf.

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EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. DRAWINGS FOR CHRISTMAS PRESENTS. Until 22 Dec. Mon.-Fri. 9.30-5.30. Thurs. until 7.00.

THE MARKET PLACE GALLERY, Colyton, Devon. [illegible] Until 8th January.

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UK NEWS

Burndept aims to halve losses

NEWS ANALYSIS
MOBILE RADIO
BY JOHN LLOYD

THE ACQUISITION by the National Enterprise Board of a 51 per cent stake in the loss-making mobile radio manufacturer, Burndept Electronics, has been greeted by some of the company's competitors with snorts of disgust.

They see its losses—said to total around £1m over the past six years—as stemming from an over-reliance on comparatively large, fixed price contracts, mostly for the Home Office, at a time when inflation was playing havoc with margins.

This was coupled with an inability, they say, to develop an adequate range of profitable *business in the private sector*, together with a tendency to under-price its products and force the price down for everyone else.

Uncertain

Burndept, of course, sees things differently. Its managing director, Mr. Roy Pierce, admitted yesterday that fixed-price work had played its part in the losses, and said, too, that the company was not as strong in the fast-growing commercial and industrial sectors as it might be.

But at least part of the reason had been an uncertain relationship between his company and the parent company's Berec, previously Ever Read Group, which still holds 49 per cent of the equity.

Much of the production previously undertaken by Burndept had been taken from the company and given to C. M. Churchouse Lighting, which was itself sold off by Berec, to the Crompton Parkinson subsidiary of Hawker Siddeley earlier this year. Besides, Berec/Ever Ready increasingly wished to concentrate on battery production, and thus left Burndept in limbo during the past two years.

Mr. Pierce insists that the company has, however, developed a strong range of products which will find their share.

Two are specialities: the computer-based radio switch, which forms an integral part of a large-scale radio system in a police network; and a small "survival" radio pack, of the type used by airmen and mountaineers, in which, Mr. Pierce says, Burndept is a world leader.

Much of the £510,000 investment by the NEB will be spent in strengthening these lines.

Losses of £400,000 last year are targeted to go down to £200,000 in 1978/79.

But the company will have to fight hard, especially if, as it says, the NEB connection will not put it in a favoured position for Government contracts. While the market is now expanding rapidly—estimated as worth about £32m and growing at a rate of between 10 and 15 per cent a year—competition is growing fast too.

The market leaders remain Pye of Cambridge, subsidiary of the Dutch company Philips, whose share still amounts, even *after some decline*, to over 50 per cent of the market.

Storno, whose ultimate parent is the U.S. company General Electric, and Motorola, also a UK subsidiary of a U.S. company, vie for second place (both claim it), with anything from 12-15 per cent of the market each. Then comes Marconi, which tends to specialise in defence equipment. The remainder is carved by a variety of smaller companies, including Harris, Dymar and Burndept.

Whether it is in second or third place in the market stakes, Motorola must be reckoned to have made the biggest impact over the past four years. It now has a production plant at Basingstoke employing *around 200* workers, and is thus eligible for consideration for Government and nationalised industry contracts. The latter is particularly fertile ground.

Motorola, like everyone else, is bullish for the future, and with some cause.

The steady high growth in the market is largely accounted for by the increasing use of two-way radios in lorries and vans, as commercial operators find that flexible routing saves time and, more importantly, fuel.

"The greatest news the business has had came last week with the OPEC price rise," Mr. Bernard Flashman, Storno's marketing director, said.

"Operators are now beginning to see what we've been preaching for a long time—that direct communication with their drivers is pure savings."

This is the industry's conventional wisdom. The various companies differ only in the degree to which they claim savings can be made. Some estimate that a radio-equipped fleet saves one vehicle—and therefore driver—in six. Others reckon the saving is about one vehicle in four.

The only large uncertainty appears to be in the technical matter of frequency allocation. Congestion is on the horizon in the south of the country, and the Mobile Radio Users' Association is expressing concern that *more* frequencies should be allocated. This in turn means radio broadcasting giving up some, and possibly also that more channels should be crammed on to one frequency, meaning that present equipment will need to be modified.

The struggle over frequencies will find its forum at the World Administrative Radio Conference in Geneva next September. There, the various interests will present their demands, and frequencies will be allocated from 1985 to the end of the century, and possibly beyond.

Mr. Warren Tayler, chairman of the Users' Association, claims that there are now some *200,000 mobile radios in use*, and that the number could exceed 1m over next 10 years.

"Our research has shown quite clearly that even 10 per cent annual growth in the use of mobile radio in this country will shortly exhaust available channels," he says.

It seems that the industry will run out of airwaves before they run out of markets.

Rising living standards increase stores' profits

BY COLLEEN TOOMEY

A RISE in living standards, increased consumer confidence and bumper Christmas sales this year have helped to maintain a healthy sales and profits growth for department stores in Britain.

A report that examines 60 leading companies in the industry and compares their performance says that this year sales volume is expected to be 5 per cent higher than last year and to approach the record level of 1973.

Over the three years to April, 1978, sales and profits for the *stores surveyed rose by 38 per* cent, slackening off in the second half.

Only three stores, Fortnum and Mason, Liberty and Fenwick managed to increase sales by more than a fifth annually.

In spite of three difficult trading years, department stores' average return on capital em*ployed improved steadily*, increasing from 14.3 per cent to 17 per cent. This, according to the report by Inter Company Comparisons, reflects greater efficiency and a policy of holding back costs.

Tourists

Sales have risen faster than *wage costs and the number of* employees has fallen. The average employee remuneration rose by 35 per cent in the three years, while sales for each employee increased by 41 per cent.

The influx of overseas visitors also benefited department stores. The British Tourist Authority estimates that foreigners spent about £750m in British shops last year.

Oxford Street, London, for instance, looks to tourists for as much as seven-tenths of its business.

The rise in sales this year has been the direct result of a rapid increase in living standards but there are doubts, the report concludes, as to whether this can be sustained next year.

Business Ratio Report on Department Stores. (Inter-Company Comparisons, 81 City Road, London EC1 1BD, £44.)

Holidays replace furniture in family spending priorities

FINANCIAL TIMES REPORTER

FURNITURE IS no longer the priority when families spend their savings. The fall in real income since 1974, resulting in less money to purchase the same goods, has lured consumers more to electrical goods, home improvements and holidays.

In a Furniture Industry Research Association survey, which interviewed more than 1,300 people, finance sources were examined, comparing holidays with furniture purchased.

More than three-quarters or all holidays taken were paid for from savings compared with 62 per cent for furniture. The significant difference, the association said, was that holidays were paid for from specific savings, while furniture was often bought with what remained from general savings.

Most of the furniture-purchases covered by the survey cost less than £300 and more than half were bought at sales or through store discount offers. The reason for this, according to the association, is that consumers distrust manufacturers' recommended prices and are aware of bargain offers.

The survey also showed *that people visited sometimes* more than six outlets before buying new furniture. Discount stores and warehouses were among the most popular, increasing their sales share from 12 to 19 per cent.

Furniture Consumer Survey 1978. Published by the Furniture Industry Research Association. £35. (£25 to FIRA members).

Retired men sought to aid companies

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency is to recruit retired businessmen to provide a new counselling service for small companies.

The agency's small businesses division is looking for nine men or women, aged 55 or over, with experience in industry or retailing to help people set up companies.

The agency was this month promised an increase in its budget to £800m, and wants to expand its aid to small companies as part of its drive to regenerate industry in Scotland.

Mr. Campbell Russell, small business development manager, said: "We expect that most of the requests for assistance will come from the service and retail sectors and will range from people wanting to start in business to owners with financial, technical or marketing problems.

"Someone with first-hand experience of business would be the best person to offer specialist help, and we feel that there will be no shortage of retired businessmen and women who fit the bill."

Guernsey company calls in liquidator

Financial Times Reporter

A DEFICIENCY of more than £1.6m was disclosed by Barnett Christie Finance of Guernsey yesterday (Thursday) when its director successfully applied to the island's Royal Court for a compulsory winding-up order and the appointment of a liquidator.

Giving evidence of the company's inability to pay its debts, including those due to depositors, Mr. Brian J. Charlwood, managing director, said that the book value of the company's assets and liabilities stood at just over £1.9m but that the realisable value was estimated at only £239,970.

The deficiency did not take *into account any recoverables* from associated property and investment companies in the UK, which owed about £1.5m in loans and accumulated interest, said Mr. Charlwood.

"One of these companies has a very valuable asset that may be worth £1m," he said.

The Department of Trade applied for a provisional liquidation order against Barnett Christie, London, the Guernsey company's subsidiary, last week. The hearing is due to be heard on January 22.

Mr. M. J. Wilson, of accountants Black Geoghan and Till, of St. Peter Port, was appointed as the Guernsey company's liquidator.

● *Judgment by default in the* sum of £250,000 was awarded by the Royal Court in an action by the National Westminster Bank, against businessman, Mr. A. W. A. Savage and his wife Avril, who were said to owe the money on three bonds.

Continental sets up London subsidiary

BY CHRISTINE MOIR

IN ITS SECOND significant move into the UK insurance market this year, Continental Corporation of the U.S. is setting up a new subsidiary in London.

Continental is the 10th largest financial company in the U.S. with assets of $6bn (£3bn). Its business covers all forms of insurance and reinsurance.

Last May, through a UK subsidiary, Swett and Crawford, Continental acquired a 20 per cent stake in Harris and Dixon, one of the old established Lloyd's insurance brokers.

Now it has decided to establish a new company, Continental Insurance (UK), which will write property and casualty insurance through brokers.

The company will have an authorised capital of $10m and *is expected to produce $7m of* net premiums in its first year.

Although this is the first major subsidiary Continental has set up in the UK, the group has long-established links with the market in London and Manchester, where it has branches.

It owns a 20 per cent stake in Phoenix Assurance, one of the 10 largest insurance companies in Britain.

Development Board aids fourth Hebrides co-op

BY OUR SCOTTISH CORRESPONDENT

A FOURTH community co-operative to encourage industry in the Outer Hebrides has been set up on the island of Eriskay, with the help of the Highlands and Islands Development Board.

Although it has aided workers' co-operatives, in specific industries, for several years, the board only recently adopted the idea of multi-function co-operatives to provide employment for areas with few job opportunities.

There are now two full-time officers in the Western Isles helping to establish co-ops, and the board is willing to give grants provided the community shows its determination to help itself by raising money towards any capital needed.

In Eriskay the board is giving £7,500 for management and administration of the co-op for the first year, and is likely to renew the grant for two further years. The islanders have so far collected £4,000 towards their target of £5,000.

The island's population has fallen from 219 in 1971 to 184. The hope is that by providing new jobs in knitwear, horticulture and renovating derelict cottages for tourism, people can be attracted back to the island. Other projects planned but not so far costed include fish processing and ship chandlering.

Eriskay was the island on which the ship Politician, with its cargo of whisky, was wrecked—providing the inspiration for Sir Compton Mackenzie's novel, Whisky Galore.

Oil men's plan will spark row

A row is expected to blow up in South Pembrokeshire over a plan to accommodate more than 2,000 oil industry construction workers in the area next year.

With a camp for 360 men almost complete in Pembroke Dock, Texaco now wants to billet a further 300 there. The company is also seeking planning permission for a second camp to hold up to 1,000 men near the Texaco refinery at Rhoscrowther village near Pembroke.

The workforce needed to build a £300m oil cracker for Texaco and Gulf will climb over the next few months to a peak of 2,200—far more than originally projected. The scheme goes before South Pembrokeshire Council's planning committee on January 17.

New aero-engine group challenges Rolls-Royce

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE'S plans to develop a new aircraft engine, the RB-432 of 18,000 lbs thrust, for 100-130-seater airliners, faces competition from CFM-International, a Franco-American engine group.

Hitherto, Rolls-Royce has been alone in this market, which is expected to produce sales of several hundred airliners in the 1980s.

CFM-International jointly owned by Snecma of France and General Electric of the U.S., has decided to adapt its CFM-56 engine, of 26,000 lb thrust, into an 18,000 lb thrust powerplant, to be called the DR-18.

CFM-International said in Paris that it intended to develop the new engine if it could be sure that there would be a big enough market to justify the expenditure.

Although Rolls-Royce expected such competition, it appears to have emerged earlier than foreseen. It adds urgency to the company's plans to press ahead with the RB-432, on which preliminary work has been done.

Nuclear waste inquiry likely

FINANCIAL TIMES REPORTER

A PUBLIC inquiry is expected to be ordered into controversial plans for storing nuclear waste underground in the Cheviot Hills, the Atomic Energy Research Authority having decided to appeal against Northumberland County Council's refusal to allow test drilling into the rock.

The authority said that if the appeal was successful it would not necessarily mean that waste would be stored underground in the hills. It was looking at other sites and merely wanted to find out whether the rock was suitable.

The plan was turned down by the council after widespread protests by conservation groups.

Hanson gains Irish farm tools agency

HANSON TRUST has become the exclusive distributor of *Massey-Ferguson* farm machinery in Ireland after acquiring the entire capital of Massey-Ferguson (Eire) for £1.3m.

Hanson already distributes Massey-Ferguson farm machinery in parts of England and Scotland through its Agri-products division.

Sales by Massey-Ferguson (Eire), the existing distributor, were about £15m last year. Distribution arrangements with Hanson start in January.

More ships broken up

By Lynton McLain

MORE THAN 200 ships were broken up, condemned or converted in the first quarter of this year, over double the number for the final quarter of last year, according to Lloyd's Register of Shipping's casualty returns. The *total tonnage* lost in this way was slightly up, at 1.62m tons.

A total of 103 merchant ships, with a combined weight of 471,571 gross tons, were lost through accidents in the first three months of this year, 66 ships more than in the last quarter of 1977 and double the number lost in the third quarter of last year.

Three of the ships lost between January and the end of March this year went missing for no known reason. Most of the ships, 73 out of the total, either foundered or were wrecked. Seven were lost in collisions and 18 through fires.

Concorde film wins award

BRITISH AIRWAYS' Concorde film, Supersonic Achievement, has won two more top awards.

In the Miami International film festival it took a gold medal after being placed top in the flight and space travel category. In the transportation section of the International film and TV festival of New York the film was runner-up, and took a silver award.

UK NEWS

BL tops safety complaint survey

By Kenneth Gooding, Motor Industry Correspondent

THE British Safety Council, the independent industrial safety organisation, said yesterday that a provisional analysis of the results of a "hotline" survey on new car safety showed that half of all complaints were made against BL cars.

Callers who telephoned the council's offices during a week-long scheme put Ford into second place with 17 per cent of the complaints. Chrysler scored 9 per cent and General Motors (Vauxhall and Opel) 7 per cent.

The council hopes that the scheme will enable significant statistical details of defects on particular makes and models of cars to be assembled.

It has several times unsuccessfully insisted that the Department of Transport should adopt a similar scheme on a full-time basis.

So the council went ahead with a trial scheme and 1,100 motorists who telephoned have ben sent questionnaires. The completed forms will be analysed by the U.S. Department of Transportation's computer. The department runs a hotline scheme in the U.S.

The car most widely criticised, with 12 per cent of all complaints against it in the council's scheme, was the Mini. Many complaints concerned its braking and steering.

BL has since announced that it will recall 100,000 Minis to check for possible defects on the brake master cylinder.

Mr. James Tye, director general of the council, which has no Government support but draws its income from the fees of the 26,000 corporate members and its industrial safety training courses, commented: "The statistics are disturbing for car owners and the nation alike.

"They indicate that British manufacturers are not only lagging behind in meeting production schedules but also failing to maintain adequate standards of safety and workmanship."

Petrol shortage over Christmas 'unlikely'

BY SUE CAMERON

THE TANKER drivers' overtime ban is delaying up to 30 per cent of petrol deliveries to garages by British Petroleum, Esso and Texaco.

However, most of the industry was confident yesterday that there would be no real petrol shortage over Christmas. Few garages had been forced to close because of delayed deliveries, and BP, Texaco and Esso were the only suppliers affected by the overtime ban.

The real danger was that motorists would start panic buying, but there had been little sign of that.

The British Medical Association said, however, that it had been inundated with calls from doctors saying that they could not obtain petrol.

It has issued members with car stickers and called on the Government to say whether it has plans to ensure that doctors have enough petrol over Christmas.

The petroleum retailing department of the Motor Agents' Association said that motorists might expect inconvenience. It added that petrol was reaching garages, however.

'Enough'

Petrol sales normally double in the week before Christmas as people prepare for the holiday, therefore it would be wrong to read too much into petrol queues.

Esso, which sells petrol at 6,305 UK sites, said that about a third of its deliveries would normally depend on overtime working at this time of year. There ought "to be enough petrol to go round" at Christmas, "as long as motorists don't start panic buying."

BP said that nearly all its petrol sales were by contract, and thus the brunt of the overtime ban was being felt by its retail customers. Few petrol stations had been forced to close, and these only temporarily.

About a fifth of BP's petrol deliveries are done in overtime but the company has been more widely affected because of a rigorous ban on contractors' tankers.

Most motorway petrol stations are reported to have adequate supplies. Garages supplied by oil companies unaffected by the ban are doing extra business. The Institute of Petroleum estimates that on an average day, 14.2m gallons of petrol are sold in the UK.

The overtime ban was providing little opportunity for independent suppliers to fill gaps left by delayed deliveries. Costs on the Rotterdam market were going up, so few independent concerns would be able to supply UK petrol retailers on an ad hoc basis.

Rise in stocks of goods and raw materials may slow

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of industry's stocks of goods and raw materials rose sharply in the late summer, though the increase may be smaller from now on.

Revised figures for industry's stocks and capital investment in the three months to the end of September, published yesterday by the Department of Industry, indicate that stockbuilding was much larger than provisionally estimated.

The level of stocks held by manufacturers, wholesalers and retailers rose by £253m, seasonally adjusted at 1975 prices, in the third quarter. This compares with an original estimate of a £132m rise.

The third-quarter rise followed a total increase in industry's stocks of £519m in the first half of this year. The sharper - than - previously estimated rise in stocks explains some recent deterioration in company liquidity.

Any future stockbuilding may be on a smaller scale since the present level of stocks is historically high in relation to output, while company profits are already being squeezed and expansion of demand is expected to slacken in 1979.

Survey evidence suggests that some reduction in manufacturers' stocks of finished goods is likely in the short term, and may already have started after the sharp rise earlier this year.

This could mean a slower expansion of output in the coming months, as stock levels are adjusted to desired levels.

The main revision to the earlier estimates has been in manufacturing industrys' stocks, up £162m in the quarter after a £310m rise in the first half of 1978. Stocks of materials and fuel, which had fallen for the five previous quarters, are now estimated to have risen by £20m in the three months to the end of September.

There were large increases in stocks of the food, drink and tobacco, and in the engineering industries.

In the first nine months of the year volume of investment was 8 per cent higher than in that period of 1977.

On the same basis volume of spending increased by 25 per cent, or more in coal and petroleum products, vehicles and instruments and electrical engineering.

Only three sectors, iron and steel; textiles; and leather and clothing had a fall in investment. The largest fall, 30 per cent, was in iron and steel.

Volkswagen offers jobs and training

By Kenneth Gooding

VOLKSWAGEN HAS launched a scheme to provide job opportunities in Britain by retraining people as motor mechanics for its UK dealer network.

The project, set up with the Manpower Services Commission, is believed to be the first time that a company has offered specialist training as part of the Government retraining scheme.

The commission is contributing to the cost of the scheme. The plan is to provide 60 skilled VW-Audi mechanics during the first year, costing Volkswagen about £1,200 a person.

Volkswagen will take students retraining as motor mechanics at Government Skillcentres and give them an eight-week specialist course at its new training complex at Milton Keynes, and at the VW-Audi dealership that will eventually employ them.

Mr. Bill Bawden, the company's parts and service director, said yesterday: "We are aware that the number of trained mechanics entering the motor trade has diminished dramatically. This scheme will not solve all the problems, but it will certainly help reverse the trend."

Big banks win tax concession

BY MICHAEL BLANDEN

THE BIG banks have won a significant concession over the terms of the Government's new legislation to extend the supervision of the banking system.

It has now been made clear that initial contributions to the planned deposit protection fund—which is intended to total some £5m or £6m—will be allowable against taxation.

The decision was announced in a Government amendment to the Bill, now in its Committee stage, tabled by Mr. Denzil Davies, Minister of State at the Treasury.

The banks have pressed hard through their representative organisation, the British Bankers' Association, for tax relief on their contributions to the fund, and yesterday welcomed the decision.

The clearing banks, in particular, have accepted the decision to establish a fund only with reluctance. They argued that they do not need such support and should not be required to provide funds to back up other deposit-taking institutions.

Under the Bill, contributions to the deposit protection fund fall into three categories. These are the initial amount, related to the deposit base of the institution, further contributions which may be called if the fund falls below £3m and special calls to increase the size of the fund.

The last two categories of contribution would in any case have been tax allowable. The Government move makes it clear that the banks will also be able to offset their initial contribution against their tax bill.

Against this, it was made clear that any repayments to the institutions from surplus resources of the fund would be treated as normal trading receipts.

Bedford claims market lead

BEDFORD, the General Motors subsidiary, claimed yesterday that it would emerge as the top UK truck producer in 1978 as well as the main exporter.

Output will reach 48,400 trucks (vehicles of over 3.5 tons gross weight), of which 29,500 will be exported.

With vans added to the total, Bedford's wholesale sales for 1978, at about 115,400, will be the company's second-highest, beaten only by the 1971 figure of 123,568.

Total commercial vehicle exports (including vans) will show a 20 per cent improvement to 58,620.

Fourth TV channel go-ahead

BY ARTHUR SANDLES

THE INDEPENDENT Broadcasting Authority has been given approval for setting up transmission facilities for Britain's fourth television channel. The winner of the programme contract is not known.

Mr. Merlyn Rees, Home Secretary, said yesterday that he would introduce a short Bill after the Christmas Parliamentary recess to enable the authority to undertake engineering for the fourth channel throughout the UK.

If the Bill becomes law, the authority will be able to use its funds for the purpose.

According to Mr. Rees, the particular pressure is for a Welsh - language service scheduled to start in autumn, 1982.

However, although welcoming the chance to do the necessary work, the authority which has long campaigned for the fourth channel to be given to commercial television, expresses concern about eventual payment for the work.

"The financial arrangement will need discussion when the terms of the proposed legislation are known. Pending decisions about the ultimate use of the fourth channel, the authority has said it will undertake the engineering, including the temporary use of its own funds for the purpose.

Optimism on UK-Chinese trade

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DEPARTMENT of Trade hopes that British Aerospace and other companies will be able to visit China soon to build on the sales talks held during the past two weeks with a Chinese technical mission to the UK.

But Mr. John Smith, Secretary for Trade, making this point yesterday at the conclusion of the mission's visit, gave no clue whether the Government would approve the sale of Harrier jump-jet fighters to China.

This is now widely regarded in the aerospace industry as the key to any possible additional sales to China, whether of aerospace or other equipment from other industries.

Virtually every aerospace leader who has been in contact with the mission has been left in no doubt that the Chinese are pinning a great deal on a positive UK Government response to the request for Harriers.

Many of those industry chiefs believes that if Britain denies China the Harrier, the hopes expressed by Mr. Smith for further trade deals worth between £4bn and £5bn will be dashed.

Nevertheless, Mr. Smith yesterday continued to express optimism about Anglo-Chinese trade. He said that one outcome of the mission's visit might be co-operation on the extraction, processing and refining of minerals, including copper, lead, zinc and titanium.

Medical group wins court battle

FINANCIAL TIMES REPORTER

THE MEDICAL Defence Union won its fight in the High Court yesterday to keep its independence as a professional indemnity organisation for doctors.

But the Department of Trade, which had claimed that it should be treated as an insurance company for solvency control and other operating purposes, may appeal against the decision.

It will be studying the effect of the judment in the New Year, because it involves arguments over the legal interpretation of insurance business which might be of importance in other quarters.

Mr. Justice Megarry rejected ideas that his ruling could lead to any evasions of the Insurance Companies Act 1974, which was passed to protect the interests of ordinary policyholders among the public.

The union, which paid out more than £1m in indemnity cover to its members last year, had sought to keep its self-regulatory status which has been in force for nearly 100 years.

There is no suggestion that it does not have enough funds, but it pointed out that it differed from normal insurance companies because its grants to members are at the discretion of its executive council.

There are two other medical protection societies, operating on almost identical lines. Profesional indemnity insurance is becoming an important part of the commercial insurance market, but the medical societies run their own funds.

Mr. Justice Megarry agreed that the fact that the union exercised discretion over its grants, although it rarely refused them, was a main issue in the case.

He said: "I do not know whether a satisfactory definition of a contract of insurance will ever be evolved, but I feel certain that the Medical Defence Union's activities do not come within the scope of the 1974 Act. Quite apart from its discretionary powers, its activities cover various other matters, such as profesional advice.

"I do not think my decision is likely to open the door to evasions of the Insurance Act. Where the body concerned, like the Medical Defence Union in the present case, is run by honourable members of a particular profession, it may well be that many members of that profession will be content to rely on its discretion.

"But I doubt very much whether anyone can establish a thriving insurance business in which the right to pay claims is left to the complete discretion of a board of directors who may decide to pay either nothing, or only as much as they think fit."

He awarded costs against the Department of Trade.

ALASTAIR HETHERINGTON

Guardian ex-editor quits BBC Scotland

By Ray Perman, Scottish Correspondent

MR. ALASTAIR HETHERINGTON, Controller of BBC Scotland for the past three years, is to be replaced from the end of the month, the end of the month—midway through his employment contract.

The 59-year-old former editor of The Guardian said yesterday that he had resigned, and would become station manager of BBC Radio Highland, the tiny bilingual English-Gaelic service run from Inverness.

It is clear that Mr. Hetherington's departure is the result of continuous friction between him and BBC senior management in London over how much autonomy he should have in Scotland; the amount of money available for expanding radio north of the Border; and the attitude of London to programmes made in Scotland.

Only one hour in 67 made by the BBC for networked television comes from Scotland, and though radio services have been considerably expanded in the last month the new-format Radio Scotland has run into extensive criticism.

Mr. Ian Trethowan, director-general of the BBC, said that differences with Mr. Hetherington had become irreconcilable. A new Controller for Scotland would be chosen in the New Year, and until then Mr. Andrew Todd, a Scot who is now deputy director of News and Current Affairs, would stand in.

Mr. Hethington said that the crisis had come to a head two weeks ago when he briefed the lay Broadcasting Council for Scotland about the fact that there would be no further money for expansion of Scottish radio services until 1983.

He had already been warned by the Director-General that he should not brief the council in such a way as to imply criticism of the central BBC management.

The former editor's style has never fitted happily with the BBC way of working, which is closer to that of the Civil Service than to a Fleet Street newspaper. He admits to being belligerent, but says he has suffered provocation. Progress toward the objectives he had been set was painfully slow, and sometimes he had been needlessly obstructed.

Mr. Hetherington added that he had asked to go to the manager's vacant post at Radio Highland and had been slightly surprised when Mr. Trethowan agreed. He is a keen mountaineer and recently made a television programme about climbing, but does not speak Gaelic, which is still used extensively in the West Highlands and Islands.

Mr. Hetherington's salary and his pension rights have not been disclosed.

New chief for power board

By Richard Evans, Lobby Editor

LORD KIRKHILL has resigned as Minister of State at the Scottish Office to become chairman of the North of Scotland Hydro-Electric Board.

He takes over on January 1 from Sir Douglas Haddow, former Permanent Under-Secretary at the Scottish Office, who is retiring from the £9,370 post after being chairman since 1973.

Lord Kirkhill will not be replaced as a minister of state. His responsibilities in the Lords will be taken by Lord McCluskey, Solictor-General for Scotland, and at the Scottish Office by Mr. Gregor MacKenzie, the other Minister of State.

Lord Kirkhill, aged 49, is Scottish matters and on devolution in the Lords since his appointment in 1975.

LABOUR

'Inflationary' pay deal attacked by farmers

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Farmers' Union yesterday attacked as "inflationary" an Agricultural Wages Board award which will increase full-time farmworkers earnings by an average of 13 per cent.

For the second successive year the board made an award above the Government's guidelines, although the National Union of Agricultural and Allied Workers remains disappointed by the settlement.

The award will take the minimum basic rate for farm workers from £43 to £48.50. Minimum rates for craftsmen will rise to £54.56 and the highest grades of craftsmen will receive increases of 20 and 30 per cent. All overtime will be paid at time-and-a-half.

Mr. Alec Lewis, chairman of the NFU employment committee, said that with the removal of the threat of Government sanctions the employers would have been prepared to grant an award of about 10 per cent to give agricultural workers a "realistic increase" without departing too far from Government guidelines.

However, the 13 per cent award went "much further than we consider reasonable in the present economic circumstances of both the industry and the country as a whole and we feel unable to support such an inflationary award."

Mr. Jack Boddy, general secretary of the union, said that he was not happy with the award but his negotiators felt it was the best obtainable in view of the opposition which they had faced.

The award directly covers 135,000 farm workers in England and Wales but it will set the pace for increases in allied areas. Workers in other industries, where pay is traditionally low, will be pleased that the board has made an award substantially above the Government's guidelines.

A settlement giving minimum increases of 10 per cent was reached yesterday for 20,000 workers employed by paint manufacturers. Local deals above the increase in basic rates will also be possible.

Mr. David Warburton, national industrial officer of the General and Municipal Workers' Union, said: "It is an important breakthrough in view of the negotiations due to take place in the New Year for 120,000 chemical workers."

The agreement will increase the industry's national minimum weekly rate from £38.25 to £46.75.

TUC backs UN plan for multinationals

BY OUR LABOUR CORRESPONDENT

THE TUC is to urge the Government to give support to a proposed UN code to control conduct of multinational companies.

Members of the TUC Economic Committee have endorsed the plans, and seek a meeting with Mr. Eric Varley, the Industry Secretary, to ask Government support for them.

Mr. David Lea, an assistant general secretary of the TUC, drew up plans for the United Nations Commission on Transnational Corporations. They have been approved by the International Confederation of Free Trade Unions and the Trade Union Advisory Committee of the Organisation for Economic Co-operation and Development.

Under the proposals multinational companies would be expected to provide Governments and unions with reports on steps they had taken to comply with international codes of conduct at least once a year.

It is suggested that Governments of all the countries where a particular multi-national operates should be able to meet the company to discuss its plans, and that unions should set up a world-wide information and consultation machinism.

Governments and unions which failed to obtain co-operation from a company would be entitled to complain to the UN Commission. This body would produce a report, and the home Government of the company would be expected to take action to ensure compliance with its findings.

Doxford workers given ultimatum

Financial Times Reporter

THE 1,200 workers at the Doxford Engines plant in Sunderland have been given until January 12 to lift sanctions and return to normal working, or be taken off the payroll.

The ultimatum from British Shipbuilders follows the men's decision to black an engine being built on Tyneside by George Clark and NEM. They fear they could become one of the first casualties of British Shipbuilders' corporate plan to be presented to the Government by the end of this month.

Another measure taken by workers at the factory is the refusal to dismantle seven engines already built by Doxford and which are awaiting delivery.

The unions involved, the Amalgamated Union of Engineering Workers, the engineers, Pattern Makers, and the Electrical and Plumbing Trades Union, have told the company they will continue to build engines, but will not dismantle them once tested.

The men want assurances from British Shipbuilders that the works will not be closed.

Yesterday, the final meeting took place between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions before the corporate plan is presented to Eric Varley, Industry Secretary.

Times launches appeal for more negotiations

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS management last night launched a new appeal to union leaders to resume negotiations on the industrial relations problems which have led to the suspension of all publication since November 30.

Mr. Duke Hussey, chief executive, wrote separate letters to Mr. Joe Wade, general secretary of the National Graphical Association, and Mr. Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel.

Mr. Hussey said in the letter to Mr. Wade that the management was willing to begin talks "at any time convenient to the NGA."

A formula for negotiations on the range of issues involved in the Times Newspapers suspension of publication, including the question of who should operate a new technology composing system, was reached at talks chaired by Mr. Albert Booth, Employment Secretary, last week.

The talks have failed to take place, however, because of union objections to the company's dismissal notices sent to more than 3,000 staff at the weekend.

Mr. Hussey said in his letter to Mr. O'Brien that many of his union's members, who include clerical staff on the shortest periods of notice, wanted a ballot on whether to accept new proposals from the company on terms and conditions for their jobs.

Social workers in peace plea

THE BRITISH Association of Social Workers yesterday appealed for an urgent initiative to bring an early end to the social workers strike over local bargaining rights.

The appeal was addressed to Mr. David Ennals, Secretary for Social Services, as well as to local authority and union negotiators.

SACKING OF 12 BRINGS SUDDEN BBC STRIKE

Behind the dark TV screens

BY PAULINE CLARK, LABOUR STAFF

THE SUDDEN strike by 9,000 BBC staff in the London area has added a sharp dimension to the present state of industrial relations in the Corporation.

BBC management has made strenuous efforts in the past three months to ward off the threat of a television blackout.

Its efforts have been directed at sorting out pay problems which have been the source of mounting frustration among its 26,000 weekly and monthly paid staff.

Since September the BBC has made representations to the Government on the issue, put in a claim for its staff to be made a special case outside pay policy, and paid a 3 per cent lump sum to all as an advance on this year's wage increase in spite of the fact that no agreement had yet been reached on pay after over three months of negotiation.

The corporation probably could not have predicted the dispute which erupted into a strike called by the biggest BBC union, the 13,700-strong Association of Broadcasting Staff, last Wednesday.

Though the dispute is rooted in the pay issue, the immediate row is over a question of principle on which both union and management sides were standing firm.

It was sparked off by the BBC's use of contract—or freelance—film crews late on Tuesday night to cover two major news events, the Brighton train crash and and the Surrey police hunt for a terrorist car.

The BBC's own staff were not available to go to the scenes of the stories because of an overtime ban imposed by the Association of Broadcasting Staff at midnight on December 12 in the pay dispute.

Film-processors in the ABS refused to handle the films to go out on news programmes, and the 12 involved were promptly dismissed. By Wednesday night the ABS had called out all its members in sympathy, and demanded reinstatement of the 12 before a return to work.

The ABS claims that it made clear when the overtime ban started that the action covered use of contract crews as well as BBC staff. Freelances were expected to follow the same strict deadline on the 12-hour shift set earlier by the union.

Management has so far insisted that the news editor at Southampton who employed the contract crews was in line with normal procedure, and that it was not a circumvention of the overtime ban.

Frustration

The mood of industrial relations in the BBC is undoubtedly influenced by the overall dissatisfaction felt by staff. The strength of that frustration is suggested by the fact that the present action is the first to cause major disruption to services.

Sporadic bouts of action in the form of overtime bans and work to rule have disrupted late-night BBC television programmes for some months.

The pay issue includes two major problems, both of which can be attributed to the effects of three successive years of restrictive Government pay policy.

With the first phase of pay policy in 1975, the annual settlement date for the corporation's 6,000 weekly-paid workers enabled them to negotiate a 20 per cent rise, while 20,000 monthly-paid staff were caught by the Phase One cut-off point.

In addition to the anomalies this created in the corporation, staff and management have joined in growing concern over the wide pay gap which they say has developed between the BBC and independent television companies.

The gap is said to threaten quality of BBC television services, causing loss of good staff to higher-paid jobs in the independent companies and leading to training and recruitment difficulties.

The path toward a solution has been made more complicated not only by the Home Office's recent refusal to grant special-case treatment to BBC staff, but also by the firm line taken by the union side that its fight is with management and not with the Government.

Not only did the unions refuse to put their names to the special-case claim because it was aimed at helping the higher—rather than lower-paid but they also objected to public statements by management which implicitly put the blame on the Government for the pay crisis.

The unions attacked the management for propaganda motives, for instance, when it decided to transmit a caption announcing industrial action over Government pay policy on blank screens caused by the overtime ban.

Pay negotiations with the five unions in the BBC continued yesterday amid hopes that progress on this issue might sweeten the air sufficiently to lead to a solution of the film-processors' dispute.

ENERGY REVIEW: SOLAR PRODUCTS BY PEARL MARSHALL

Less starry-eyed over solar systems

THE 1978 solar products market in Western Europe is only one-third of what was forecast a couple of years ago. Progress is also slower than projected in the U.S.

There are two major reasons why. The first is to do with the current "surplus" of oil which has kept prices lower than anticipated. This means solar products are not competitive with other energy equipment and there is no inducement to buy them.

Secondly, there is a developing awareness that some solar products are not meeting satisfactory standards of reliability and durability. With such a relatively new industry—solar only established itself three years after the 1973 oil crisis—there are no stringent quality controls in existence.

As the industrial market research organisation, Frost and Sullivan, warns in a report this year on the solar power market in Western Europe: "Mass failures in the initial stages may lead to future discrimination against solar equipment."

And Mr. Bill Schumacher, a member of the Energy Centre of the U.S. "think-tank" SRI-International, recently told a London conference of energy planners that most solar manufacturers SRI had talked with had been unwilling to guarantee their equipment for more than 18 months.

Learning curve

"There is a long learning curve yet to be travelled." Mr. Schumacher stressed. He said there was a danger of solar technology being pushed too quickly by government loans.

The role of government loans to encourage consumer purchase is seen as crucial by those involved in marketing solar products in order to make the equipment competitive with other energy sources.

Some 15 per cent of solar manufacturers in the U.S. have dropped out of the industry this year because of the indecisiveness of Federal and state governments about offering tax incentives for solar installations.

However, the impact on sales is not as great as first may appear, as many of the approximately 500 solar companies in the U.S. are very small and only make a few pieces of solar equipment at a time

But now that a system has been passed by the U.S. Government giving installers of solar space heating and domestic hot water heating an end-of-year tax reduction, the situation is expected to improve.

DOMESTIC SOLAR ENERGY INSTALLATION IN 1978

	Swimming pools	Water heating	Space heating	Heat pumps (pure)
West Germany	850	750	250	1,000
France	400	3,800	150	1,000
UK	800	1,200	0	500
Italy	100	4,000	50	100
Netherlands	20	200	50	4
Belgium	50	250	20	150
Denmark	5—10	30—50	3—5	300
Ireland	5	100	0	50
Austria	30	290	80	10
Switzerland	50	300	50	800
Greece	5	7,000	5	—
Spain	50	500	30	50—100
Portugal	10	100	0	0
Sweden	120	500	40	1,200

This so-called "tax credit" system will come into operation in about a year's time and will amount to about a 24 per cent reduction in the cost of the units. However, only a few of the 50 individual states—such as California—offer similar credits against the taxes they assess.

In Europe, governmental support brings startling results.

A survey conducted by solar experts gathered from all over Europe at last month's Solar Energy Products Markets Conference in London registered only four domestic space heating installations in Britain and these are for experimental housing. West Germany, on the other hand, with its governmental help, has some 250.

A solar industry source visiting four new solar houses in Essen reports that the Government provides DM4,000 (£1,070) for a heat pump installation if it is being used for space heating. The cost of such installations runs to about £4,000 to £5,000. The Essen equipment is linked to solar roofs.

However, there is one country where solar units appear to be competitive on their own merits and are not supported by any special funding. This is Greece. As can be seen in the table produced by the solar products markets conference, some 7,000 water heating installations are expected to be sold in Greece this year—half by a British Petroleum subsidiary.

Survey organiser, Mr. Aldo Eggers-Lura of the Danish consulting engineering firm, International Solar Power Company, says the solar market is now likely to pick up in the years of 1980-85 instead of 1978-80 as anticipated.

As in the US, the biggest problem facing small European manufacturers in the intervening years is survival.

The news media is now "anti-solar" as well as "anti-nuclear" claims Mr. Eggers-Lura. Five years ago newspapers were promoting solar energy as a chance to "save the world," he says.

Quality control

As for the solar industry, "if it is going to take solar energy seriously, it will have to take the quality control of its equipment seriously too," says Professor Ray Maw, director of Central London Polytechnic's Built Environment Research Group, which is testing an experimental solar space heating system in a house at Milton Keynes.

"If anything goes wrong, we can tell from our monitoring equipment," he adds. "But the consumer can literally be sold down the river. That is why adopting solar systems requires a degree of rigour which has not been previously necessary with space heating."

The main problems Professor Maw finds are with control equipment and electrical intallations. "Putting it bluntly the quality of the products we are using—largely from the British market—is just not up to the job." Conventional domestic hot water systems do not require the same degree of accuracy. With solar heating, precision and reliability are crucial, he points out.

As for manufacturers refusing in some cases to guarantee solar equipment for more than 18 months, the length of its life-time still appears to be anyone's guess.

According to industry researchers, the aim should be 20 years, assuming a moderate amount of maintenance. The longest periods in which solar equipment has been operating occur in countries such as Israel, where some panels have already been in use for more than 20 years.

Of course the great difficulty in predicting service life of solar water heating equipment is the fact that they have not been in use sufficiently long for manufacturers to give long guarantees.

Professor Brian Brinkworth, of the Solar Energy Unit at University College, Cardiff, points out that firms guaranteeing equipment only for 18 months may only have had installations in service for 18 months or so. "And until they have gained more experience, manufacturers are not going to make the type of long-term guarantee necessary if these systems are going to pay for themselves," he adds.

The pay-back period without any governmental credits is currently 10 years or more with other sources of energy available so cheaply. Until the equation is altered by changes in energy costs, the length of life of equipment is going to be the most critical quantity.

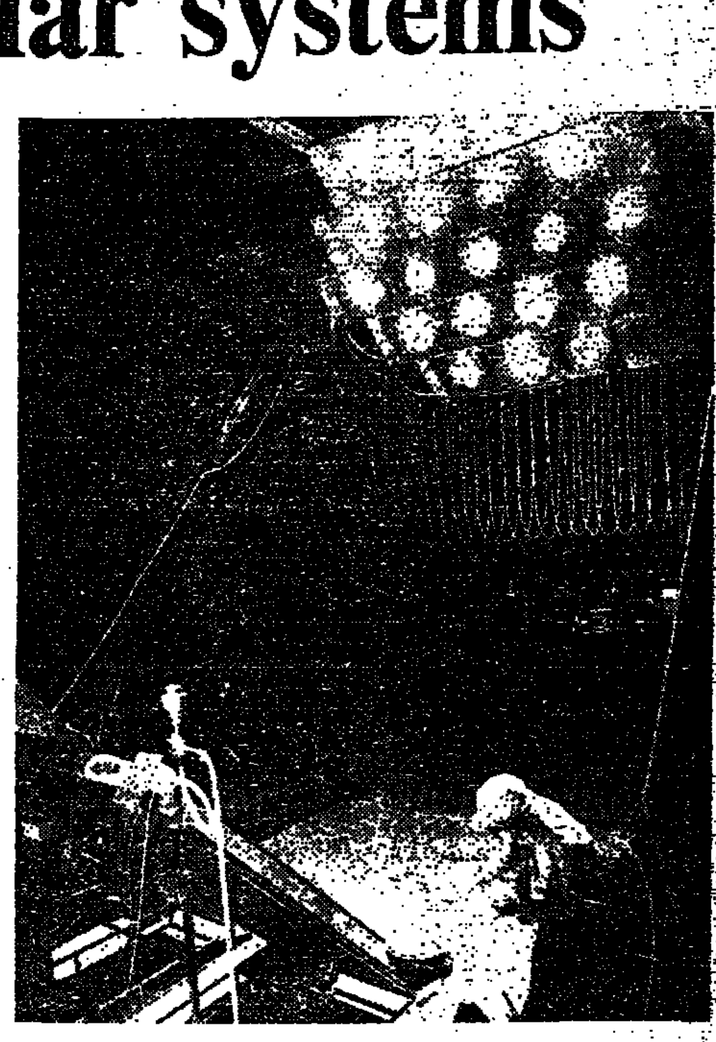
Professor Brinkworth's 27-man unit is the biggest research effort in the UK—and possibly Western Europe — concerned with establishing performance characteristics for thermal applications of solar energy.

Some £500,000 of R and D is presently in progress with funding from the UK Department of Energy, Department of Industry, Department of the Environment, the Science Research Council and the European Community. There is also liaison with industry.

Much of the work at Cardiff is also for the British Standards Institute. Professor Brinkworth is chairman of the Institute's committee responsible for national technical standards in solar heating, and his colleague, Mr. Bill Gillett, chairs the committee concerned with length of life characteristics—corrosion and the mechanics of degradation and so on. "And we are still at the earliest stages," the professor stresses.

In the U.S. some quality standards have been developed by the National Bureau of Standards and the American Society for Heating and Refrigerating and Air-Conditioning Engineers. But it is only this year that an organisation in Florida—the Florida Solar Energy Centre—has actually begun to test solar collectors and solar systems for domestic hot water heating.

However, the Florida centre does not represent a complete solution to the problem. It only tests parts of systems and there are many other components involved that could cause problems.



A solar simulator testing an energy collector at the Solar Energy Unit at University College; Cardiff.

Conventional

Mr. Ken Gerlach, an architectural research engineer with SRI-International, who has been visiting solar sites and research laboratories all over the U.S. to identify problem areas for a Federal Government report, points out that a lot of the problems are conventional—"water leaks, incorrect installation and incorrect operation."

As for investment potential, industry sources stress the importance of placing solar in a secondary role to conservation. The consumer currently considers conservation as the most important way of economising, so looks first to heat pumps, insulation and other ways of cutting down energy use. Then comes passive and lastly active solar collectors with pumps and water.

This is borne out by figures in the table. Heat pumps — which lift temperatures to a higher level—are becoming a popular item on the European energy scene. Some 1,000 heat pumps are expected to be sold in both West Germany and France by the end of this year; 800 in Switzerland and 1,200 in Sweden.

The growth in demand in this sector is illustrated by a small, but highly innovative company in Essex—W. R. Heatpumps—which launched its first air-to-water pool heat pump model in March, hoping to sell 25 by the end of the swimming pool season.

But instead it received orders for almost 100 installations in the UK and other parts of Europe and expects to produce 2,000 units next year not only for the European market, but North America.

APPOINTMENTS

Trust Houses Forte management changes

Sir Charles Forte, at present deputy chairman and joint chief executive of TRUST HOUSES FORTE, is to become executive chairman. Lord Thorneycroft continues as chairman.

Mr. Eric Hartwell, vice chairman and joint chief executive, will be chief executive.

A formal amendment of the articles of association will be submitted at next year's annual meeting, but the responsibilities will be assumed now.

Mr. Rocco Forte, a director and Sir Charles's son, has been appointed deputy chief executive, and Mr. L. A. Rosso, a director, also becomes a deputy chief executive with responsibility for special assignments.

Sir Charles has also been appointed chairman of Snamprogetti, an engineering contractor, part of the Italian-based Ente Nationale Idrocarburi group.

Sir Charles, whose appointment takes effect immediately, has been associated with the group for nearly 20 years. Snamprogetti, which established engineering offices at Basingstoke in Hampshire in 1974, is the main contractor for the design, engineering and construction of a 65,000 barrels a day fluid catalytic cracker in South Wales.

★

MONSANTO has appointed Mr. Francis J. Fitzgerald a group vice-president and managing director of the company's industrial chemicals operating unit to head its Europe-Africa operations. He succeeds Mr. C. Preston Cunningham, area general manager and chairman of Monsanto Europe SA for the past three years. Mr. Cunningham will remain in Europe for several months to assist in the transition before returning to the U.S. for a new assignment.

Mr. Fitzgerald will be managing director, Europe-Africa and chairman of Monsanto Europe SA. He will transfer from the company's headquarters in St. Louis, Missouri, U.S., to its area offices in Brussels on January 1.

Monsanto's Board has elected four new group vice-presidents: Mr. E. H. Harbison Jr, Mr. R. E. Burke, Mr. N. L. Reding and Mr. J. V. Waggoner. Apart from Mr. Harbison, who succeeds Mr. Fitzgerald as managing director, industrial chemicals, they continue respectively as MDs of textiles, agricultural products, plastics and resins. Mr. E. S. Bauer, executive vice-president, assumes responsibility for the commercial products operating unit in lieu of the appointment of a managing director.

★

Mr. R. C. M. Cooper becomes secretary to the PRICE COMMISSION on January 2. He replaces Mr. C. D. E. Keeling, who has been secretary to the Commission from January 1975.

★

Mr. Peter K. Marlow, lately secretary of Mercury Securities and personnel and administration director of S. G. Warburg and Co. merchant bankers, has been appointed to the Board of MSMS INTERNATIONAL, executive recruitment specialists, from January 1.

★

LYLE SHIPPING COMPANY announces that Sir Ian M. Stewart resigns from the Board on December 31, to reduce his business commitments. From January 1 the Board has elected as a director, Mr. Calum A. Macleod, a partner of Paull and Williamsons, Aberdeen, and a director of Scottish Northern Investment Trust. Mr. Macleod is also a director of Lyle Offshore Group and Grampian Television as well as being a member of the White Fish Authority and the North of Scotland Hydro-electric Board.

★

Sir Michael Parsons, at present senior managing director, has additionally been appointed a deputy chairman and the chief executive of INCHCAPE AND CO. Mr. H. P. Foxon, at present an executive director, has been appointed a managing director.

★

Mr. W. P. Ring, who for a number of years has served as chairman of both the LONDON TANKERS BROKERS' PANEL and the International Tanker Nominal Freight Scale Association is relinquishing these offices from December 31. He will be succeeded as chairman of the London Tanker Brokers' Panel by Mr. R. L. Everett, a director of John I. Jacobs and as chairman of the International Tanker Nominal Freight Scale Association by Mr. E. F. Shawyer, managing director of E. A. Gibson Shipbrokers.

★

STANDARD CHARTERED BANK GROUP announces that Mr. R. A. M. Baillie has been appointed managing director of Standard Chartered Merchant Bank from January 1. Mr. Baillie will succeed Mr. M. D. McWilliam, who is to become deputy chairman on that date in place of Mr. A. I. Robertson, who is reducing his commitments with the Merchant Bank. He will remain a director. Mr. P. Melvill has resigned as a director of the Merchant Bank.

★

THE POST OFFICE has appointed two new regional telecommunications directors. Mr. C. Brooks at present director of special studies, telecommunications headquarters, becomes director, north eastern telecommunications region on the retirement of Mr. Norman Gandon in January. Mr. Brian Cross head of data systems planning in telecommunications headquarters, will be director south eastern telecommunications region in March and in succession to Mr. Jerry Barker who is retiring.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Time to change career?

OUGHT YOU to be studying Spanish in evening classes? Might you persuade your employer to send you on a computer appreciation course?

Coming at this time of year, such questions are almost certain to invite the answer "No." But executives really ought to formalise their career planning by asking such questions occasionally, and by indulging "in deep thought, probably extending over several weeks," according to a personnel expert from PA Management Consultants, writing in the latest issue of The Business Graduate.*

Nine out of 10 managers have no idea what took them into their current job (personnel, marketing, production management or whatever), claims Peter Greenaway.

It is no good doing one's personal stocktaking as one dozes in the train on the way home, he argues. It needs time and structure—a number of key topics around which to arrange the facts and collect one's thoughts.

Greenaway's key headings are: Qualifications and Training; Work Experience; Personality; and Domestic Considerations.

Under the heading of experience, he warns that too many people talk of work as if it were a passive occupation; we tend to say "I was the marketing manager of Cruncho Crisps" when the more active way of looking at it is to say "I made the marketing policy for Cruncho."

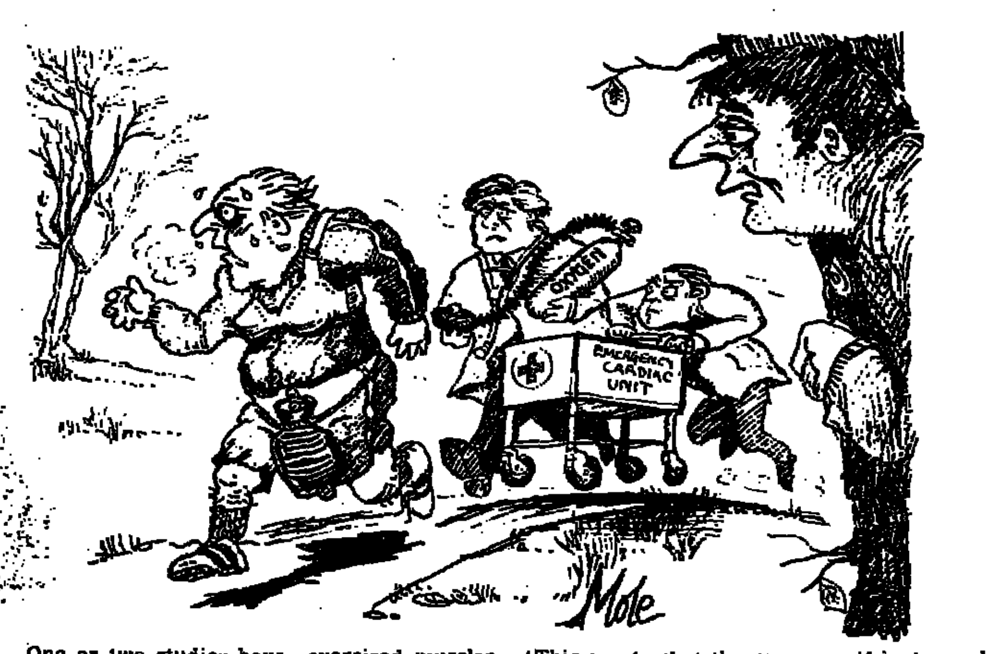
Less a matter of aggressive presentation, and more one of real substance, is Mr. Greenaway's question of why people succeed in some jobs and not in others. "A good salesman, did I make a poor sales manager?" "Fulfilled and successful in a head office staff role, did I then find the posting to the manufacturing sharp end less congenial—and probably less successful?"

Under "personality," he includes such questions as "Can I negotiate? (Most of us think we can—but can we really?)"; "Am I a cool and logical thinker, or an intuitive seat-of-the-pants merchant?"; and "Am I a fast worker or a plodder?"

* The Business Graduate, Autumn 1978, Journal of the Business Graduates Association, 87 Jermyn Street, London SW1Y 6JD. Tel: 01-930 9368/9.

Joggers, brass monkeys and you

David Fishlock on the dangers of the daily constitutional



ONE OF my friends was on his daily constitutional in west London when he espied his boss jogging towards him. Having no wish, he says, to embarrass a man 25 years his senior, he hid behind a tree until the danger had passed.

This is just one of the dangers endemic in the fashion for jogging—to which I, for one, have not yet succumbed.

I run quite enough risks in my own favourite form of regular exercise—walking briskly, head high, up escalators. City gents tend to stand smartly on the right, as instructed, with their furled umbrellas at 45 degrees to both the vertical and the line of the escalator, the ferrule thus pointing wickedly towards the unwary climber.

A couple of years ago the BBC Overseas Service gave some publicity to a story, authenticated by the U.S. medical press, of a 53-year-old doctor who, while jogging in New Jersey one winter morning in a temperature of minus 8 degrees, contracted incipient frostbite of the genitals.

The nearest, perhaps, to jogger's syndrome is a condition called athletic pseudonephritis, more colloquially translated as jogger's kidney. The symptoms are those of inflammation of the kidney, a potentially very serious problem, although in the case of the jogger it seems to clear up in a couple of days. The danger is that the doctor will diagnose it as the real thing and unduly alarm his patient, as well as prescribing some unpleasant tests. We'll come back to the cause of jogger's kidney.

More easily explained, it seems, is jogger's nipple, mainly a female complaint, albeit one which sometimes bothers the overweight male executive. The cause seems to lie in the unaccustomed abrasion of the nipples against the clothing. The cure, of course, is simply a little lubrication—or a bra.

All of which leads one to ask, in the true spirit of inquiry, whether there is a scientific basis for jogging. A popular activity which is seen by some as a trifle exhibitionistic and by others as just too much like hard work. But will those who plan to ease the excesses of the coming weekend by donning a tracksuit be doing more than merely basking in a virtuous post-prandial glow?

Some of the medical folk who have looked seriously at the subject seem to be convinced that regular exercise does you good. One or two studies have indicated that modern Western society has become quite incredibly sedentary. One study taken in Dublin, for instance, showed that about 25 per cent of the population was remarkably inactive both at work and in its leisure time, moving no more than a total of half a mile a day. As one researcher commented drily, there is now a lot of evidence that something like one-in-four of us gets little more exercise than if we were to lie in bed all day.

Professor Peter Fentem, of the University Hospital and Medical School, Nottingham, is one medical scientist who approached the subject of regular exercise as a sceptic and became a convert. He has been doing some studies for the Sports Council and wrote of his findings in the New Scientist recently.

It is said that exercise is good for you. Oddly enough, the scientific evidence for this statement has only recently been garnered, as a result of some ingenious new ways of observing the human engine at work. One of these, joggers may be a little discomfitted to learn, is to remove fragments from living muscles while they are working. Another is to take untrained volunteers and persuade them to train very selectively—one limb at a time, for example—so that direct comparisons can be made, on the same human engine, between exercised and unexercised muscles. (This must be the source of Monty Python's Ministry of Funny Walks.)

What clearly emerges is that an unexercised limb is a less efficient biochemical machine. Untrained muscles release lactate, a chemical effluent which not only represents wastage of energy but limits the amount of power the muscles can offer and also causes pain and discomfort—in a word, cramp. Trained muscles, on the other hand, make better use of their fuel supply, harnessing perhaps two-thirds instead of only half the oxygen being delivered by the blood.

Of course, the muscle with which the jogger is usually preoccupied is the heart: a gentle pump weighing about 300 grams, which pulsates about 100,000 times in propelling 14,000 litres of blood a day round the human engine. Even at rest this muscle accounts for about 11 per cent of the body's heat output. It demands about the same percentage of the body's blood supply.

What can it do for my heart? is the first question asked by most people who seriously contemplate exercise. They may be disappointed to learn that exercise will not increase the heart's output of blood.

But the heart muscle moves in mysterious ways. Paradoxically, as Professor Fentem points out, a trained or regularly exercised heart beats more slowly than a neglected one. However, a slower beat means that the pump itself is demanding less energy to propel the same volume of blood. Again, less energy is needed to pump the same volume against a low blood pressure than against a high blood pressure in the circulatory system.

And so, concludes the professor, "the effect of training is not so much to improve the heart's performance as to spare it by reducing the amount of work it has to perform and, by increasing its reserve, permitting even more exercise to be taken than before."

Following the consequences a little further round the subsystems of the human engine, however, we find there comes a point when exertion will demand more blood than the pump can provide. The first organs to suffer deprivation will be the intestines and kidneys—hence the problem of athletic pseudonephritis or jogger's kidney. Trained muscles need less blood and hence raise the threshold at which the gut is drained of blood to fulfil their demands.

So the scientific case, it would seem, is being established that regular exercise—planned maintenance, as it were—is a good thing for the human engine. But what of jogging per se? It is fashionable: and the evangelists have sold the idea to literally millions of Americans, right up to President Carter—as a drive round the parks of Washington on even a cold and wet Sunday will testify. "Don't quote me," says one doctor, "but executives want instant health, and the attraction of jogging is that it is over quickly. Just 20 minutes a day gives you results." He adds, however, that walking the same distance, while taking you longer, will give you the same results.

The problem for the medical scientists is how to prescribe a universal regime of exercise which could do some good for the human engine yet not bring the more sadly neglected or ageing ones too close to collapse. The problem was one exercising the 300 delegates from nearly 40 countries who attended the International Conference on Sports Cardiology in Rome earlier this year. According to World Health, the WHO journal, there was general agreement that the precise way in which exercise improves a person's health is still not understood. But physical activity ought to be maintained above a certain threshold — "about 2,000 calories (8.4 megajoules) per week should be expended in strenuous exercise during which the heart rate should reach 130-150 beats per minute."

Professor Fentem points out, however, that accurate measurement of heart rate after exercise is more difficult than it seems. The heart rate falls so fast that a delay of only a second or two will give a result that is too low. "Thus a person can easily over-estimate his level of fitness."

He offers instead some empirical guidelines. At about 70 per cent of our peak capacity for short-term exercise we all begin to experience signs of distress, such as aching legs or true breathlessness. No-one, he says, should train to a level which provokes such symptoms. Another is not to exercise beyond the point at which you can still hold a conversation. Yet another is to find a level of exercise you can sustain for an hour without distress, then maintain this level regularly—at least four days a week—for 15 minutes at a time.

He adds a note of warning: you can't bank exercise. It is useful only while you are taking it regularly. Food for thought, you might say, for those who are planning to undo the damage wrought in the next few days by popping into what Americans cheerfully call the "fat farm" early in the New Year.

At eight miles high one doesn't need four breakfasts

BY NICHOLAS LESLIE

IT MAY well be coincidence, but we really were nigh unto Bethlehem when I saw the light. I was just tucking into my fourth breakfast of the morning when I was struck by the realisation that perhaps I was overdoing the carbohydrate intake.

We ectomorphs rarely have to think about what we eat. Built like greyhounds, we're the ones who don't bore people to death about dieting. All the same, or so I have been reliably informed, even we can put a strain on our systems by overeating. It doesn't manifest itself in excess weight, but the rate at which we burn up food can apparently give the old heart a bit of a jolt.

So, when the warning came (could it have been from above? After all, I was flying eight miles up, so perhaps the reception there is clearer than at ground level) I took heed.

There is a very real danger of murdering one's digestive system on long journeys through the firmament. Just think about it a moment. I had had a light breakfast a little before 4 o'clock in the morning before catching my flight. Less than three hours later I was being offered a light snack—nothing too heavy, mind you, since we were going to be allowed to snatch a quick forty winks. Two hours later, somewhere over the Gulf and feeling somewhat refreshed, along came a very hearty breakfast.

This time it was the works, the one really designed to fill you up. I wasn't sure that I was that hungry, but then I realised how many hours we had to go before reaching London and I succumbed. After all, spinning out the meal might make another 45 minutes go by a little faster.

Having done greater justice to that meal than I expected, I found it necessary to ease the waistband a little and push the seat back into a reclining, and inestimably more comfortable position.

Well, lo and behold, it seemed but a trice later that this friendly airline was tempting me to partake yet again of some light refreshment. When, I thought, would it stop? We were now six or seven hours into the flight and I was satiated beyond belief. But, to be fair, local time below was around 7.30 am (give or take a bit, because I was losing track of things by this time) and in some people's book that is the hour for breakfast.

So, yet again I began putting away the odd tasty morsel, washed down with oceans of coffee. Then, with some considerable force, came the realisation that this was not doing me any good. I had had virtually no exercise for hours, yet I was eating much more than usual, and I was beginning to feel very uncomfortable indeed as a result. This newfound enlightenment was reinforced by my recognition of the fact that within a relatively short period I would be served with lunch.

Worse was yet to come. I was by now beginning to appreciate the way time slips when travelling from West to East. At what hour, I asked an extremely attractive hostess, would we arrive in London? "About 12.15," she replied. With sinking heart I realised that that would be just about right for an early lunch (I had not, of course, reckoned with the go-slow or work-to-rule by Customs people which stretched clearance through that department to over 1½ hours). Four breakfasts and two lunches within about 16 hours was too awful a prospect.

I resolved that next time I would abstain from certain meals, no matter what the temptation. In a belated effort to compensate for my inactivity I began to walk around the aircraft. Perhaps special facilities should be organised for passengers so that they are pressganged into some obligatory exercises — Oriental-style

For over-eating is not the only peril. Idleness compounds the danger, since it is supposedly bad for one's circulation. A colleague had a nasty turn recently after returning from the East, when 12 hours of total inertia precipitated a blood clot. The answer? Keep moving and don't cross your legs when you are sitting down.

These observations are backed up by no formal medical training whatever, but clearly even ectomorphs must have a care.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Large containers, while offering an economical and easy method of transporting goods over long distances are not all that easy to load, unload and move around. Various types of handling equipment have been developed to meet this problem and one of the latest devices, which itself would fit inside a 20 ft container, can be used to transfer 20- to 40-ton containers from one vehicle to another, from a vehicle to the ground or vice versa, on to loading banks and from one site to another in warehouses or on quaysides. Push-button control of lift/lower movements is via a hand-held control on a 16 ft wander lead. Modular Distribution Systems, 47, Ivatt Way, Westwood, Peterborough, PE3 7PN (0733 265309).

● COMPUTING

Novas shrink but power increases

HARNESSING recent advances in microcircuit technology to its drive to improve performance or reduce costs, Data General has brought out a new series of three machines in its Nova range. They are the Nova 4/C, 4/S and 4/X.

The first provides speed and capabilities comparable with its predecessors, but shrunk into the confines of a single board, whereas such machines traditionally require four boards or more. The two other machines are built on two boards and give a 50 per cent speed increase at much lower cost.

One of the main targets for the announcement is the other equipment manufacturer who will benefit particularly from the facility in the new machines for self-diagnostics. This will immediately show users what the problem is and permit much quicker rectifications.

Nova 4/X can store up to 256,000 characters of information in main memory; the two other machines store 64,000 characters. Compatibility has been retained with all existing models in the series and a variety of languages including Fortran and business basic is supported.

These microprogrammed machines have the same architecture as the 16-bit Nova 3 machines, with a high speed buffer helping to eliminate the cycle to fetch data from memory in most cases.

Instruction execution times are typically 400 nanoseconds for a start and 200 for an add.

Apart from the advantages of the diagnostics routines, which make high up-times easier to achieve, the machines, through their construction, provide higher reliability; there is a considerable reduction in the number of interconnections and gold-plated pins used on the back panels allow extremely reliable push-on connectors to be applied.

Among options is one for battery back-up that will support 256 K-bytes of memory for 90 minutes. A floating point unit may be installed to operate in parallel with the central processor and works much faster than similar units in the past, to carry out a double precision add in 1.6 microseconds.

With their improved speeds and greater capacities, the machines are suggested for medium to large systems in process control and in commercial environments. For instance, in semi-conductor circuit testing, the 4C is suggested as the brain for automated test equipment.

Further details from Data General on 01-572 7455.

● TEXTILES

Improvement of carpets

BRITISH Carpet Manufacturers Association, backed on a 50:50 basis by the Department of Industry through the Garment and Allied Industries Requirements Board (GARB), has commissioned a contract research project at the Shirley Institute to improve the methods used for jointing carpet yarns.

Aim is to reduce the number of yarn breakages resulting from weak joints in winding, weaving, and tufting; avoid blockages caused by joints that are too stiff or too bulky, and cut down the extent to which finished carpets need to be "mended" by the manual removal of unsightly joints.

Spinners will benefit by being able to produce better-quality yarn that is more easily processed by the carpet manufacturer, and both productivity and the quality of the end-product will be improved.

Main lines being investigated include a detailed assessment carried out in mills of present methods of yarn jointing, coupled with an evaluation at the Institute of existing jointing adhesives and potential new ones, and of methods of jointing. Outcome of the project will be a report making recommendations on the most appropriate methods for jointing individual yarns including wool, acrylics, polyamide, polyester, regenerated cellulosics, and polypropylene.

Shirley Institute has been chosen to carry out this project on the basis of a preliminary survey it did which showed that some of the present methods, particularly for certain yarns, were not entirely satisfactory and there was a clear desire for improvement.

Shirley Institute, Didsbury, Manchester, M20 8RX. 061 445 8141.

● INSTRUMENTS

Monitoring of vibration

ACCELERATION to current transducer which has application in vibration monitoring has been introduced by Robertshaw Skil of Skelmersdale, Lancashire.

The new Model 190 accelerometer is a novel concept in acceleration measurement and has a two-wire electrical layout for both signal and power, thus providing virtually unlimited transmission distances with no special wiring or cables. It is self-contained in a combination weatherproof and explosion-proof enclosure.

Providing a standard 4-20mA dc output signal proportional to peak acceleration over a switch-selected range of 0.2-0.5G, it can be used for indicating or recording control purposes. Model 190 employs up-to-date solid state circuitry with an ic regulator, to minimise output variations. A diode bridge input circuit allows operation with the leads connected in either polarity. The transducer is a piezoelectric charge generator type, with an internal pre-amplifier, whose power is supplied by a constant current generator. The output of the transducer is approximately 10mV per "G" peak acceleration with output current limiting at approximately 125 per cent of output signal.

The new accelerometer is used to monitor vibration levels of rotating or reciprocating machinery to detect mechanical malfunction.

Robertshaw Skil, Greenhey Place, East Gillibrands, Skelmersdale WN8 9SB. Skelmersdale 23671.

Vibration is recorded

AMONG A number of seismic and vibration measuring instruments made by Kinemetrics in the U.S. and available in this country from Fenning Environmental Products is the VM-1, a highly sensitive vibration monitor specifically designed for the determination of levels and modal frequencies in high-rise buildings, bridges, big turbine foundations and similar large structures.

This self-contained unit can record levels from three orders of magnitude below the threshold of human perception up to ten times the level of structural failure — in acceleration terms from a millionth to four "g."

Several optional acceleration sensors are available to match the orientation (horizontal or vertical) and the amplitude range required. Filters with low pass frequencies of 1.5, 3.0, 9.0 and 25 Hz are built in.

The single channel is recorded with a heated stylus on waxed paper moving at 25 or 50 mm/sec. Operating from internal rechargeable batteries, the instrument weighs 25 lbs.

More from 112, Leagrave Road, Luton, Bedfordshire LU4 8HX (0582 26538).

● PROCESSES

Metal pre-treatment chemicals

TRI-KEM, Northampton-based manufacturer of process chemicals for the metal finishing industry, has negotiated a contract with the Chemfil Corporation of Detroit to make and market under licence the latter's pre-treatment chemicals for use in cathodic electropainting.

Hitherto the technology for cathodic electropaint has centred in the U.S. and licensing agreements have been negotiated throughout Europe by P.P.G. Industries Inc. of Pittsburg. Use of the cathodic system in the automotive and domestic appliance market offers many advantages over the conventional anodic system, the main benefit being that of increased rust inhibition on the finished painted product.

Chemfil Corporation claims to be market leader for all pre-treatments prior to cathodic electropaint, and to have a major share of this business in relation to the automotive industries.

Tri-Kem, recognising the advances made by Chemfil in improving zinc phosphating treatments, has secured an agreement on access to this technology which gives the UK company ten years' experience overnight, so to speak. It will manufacture and market the Chemfil cathodic pre-treatment processes in the UK. Tri-Kem's current production of industrial cleaners and zinc, iron and manganese phosphating processes will continue side by side with the new products.

The operation will be at Tri-Kem's Northampton plant, and all UK sales will emanate from there. Sales in the EEC countries will be handled by the company's new Belgian subsidiary, Tri-Kem Europe SA.

● SEMINAR

Linking the designers' efforts

MODERN production machine tools make extensive use of hydraulic equipment. Hydraulic power is used for clamps which are required merely to produce a force; for work-manipulation and tool-changing applications which involve also some control of speed; for feed drives (both constant-velocity and positioning types) involving also a requirement for high-stiffness; and for spindle drives and hydrostatic bearings in which energy losses must be minimised.

Recent and forthcoming developments will probably extend use of hydraulics for some of these applications, particularly those in which complex systems of valves may be required. Whatever the application, however, for the best results to be achieved, there should be close co-operation at all stages between the manufacturer of the machine tool and the manufacturer of the hydraulic equipment and that full use is made of the knowledge and expertise of the latter.

A seminar has been arranged by the Machine Tool Industry Research Association with the co-operation of the Association of Hydraulic Equipment Manufacturers (AHEM) and will be held at MTIRA's Macclesfield headquarters on March 21, 1979. The seminar is intended to help machine tool manufacturers and users to make the best use of hydraulics for their machine tool applications.

After an introductory paper setting out the machine tool industry's requirements for hydraulic equipment, the role of hydraulics in machine tools will be discussed and some new developments described. Some typical machine tool applications will be discussed and particular attention will be paid to pipework systems and the assembly and maintenance of hydraulic equipment. Most of the papers will be given by experts from the hydraulics equipment industry.

The seminar will be of interest to all concerned with the design, specification, assembly or maintenance of hydraulic equipment on machine tools.

Further details from Neil Percival at the Machine Tool Industry Research Association, Hulley Road, Macclesfield, Cheshire SK10 2NE. Macclesfield (0625) 25421.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● HANDLING

Secure lock from Israel

A NEW type of lock, not based on the cylinder system, and having keys which can only be duplicated in the factory making the locks, has been invented in Israel.

The closure has four locking tongues, instead of the pins used in cylinders. This lock can be opened only if these four tongues move at the same time. The number of combinations for this system is 10m.

The key is also different from the usual ones in that there is no need to turn it in the lock. The buyer gets a special card and spare keys are only issued on presentation of the card.

Dr. Shnuerson, "Zemed Matachot," POB 30867, Tel Aviv, Israel.

● SAFETY

Puts loads on the spot

KOMATSU Forklift Company is releasing a newly-designed range of side-shifter attachments for all Komatsu forklift trucks from 800 to 15,000 kg capacity. The side shifter hydraulically moves the carriage to either side so that loads may be picked up and deposited accurately without the need to manoeuvre the whole truck.

This means loads can be placed closer to the sides of containers and warehouse walls, thus ensuring maximum utilisation of available space.

An important aspect of the side-shifter is the way in which it saves time in the vital operation of placing the load. Instead of moving the whole truck in order to reach the right spot, the operator can drive the truck into roughly the right position to set down the load and then use the side shifter for accurate positioning. In this way unnecessary movements of the truck are avoided, saving time, and the work-load of the operator is reduced.

Komatsu Europe, Mechelsesteenweg 586, B1800 Vilvoorde, Belgium.

LOMBARD

The forecasting charade

BY DAVID LASCELLES IN NEW YORK

A short while ago, Mr. William Miller, chairman of the Federal Reserve Board, said of the U.S. economy: "We will have no recession unless we talk ourselves into it." Today, everybody seems to be doing just that. We have just entered the traditional year-end forecasting period when economists at banks, brokerage houses and businesses put out their predictions for the year ahead. In most cases these reports are lavishly produced, and equally lavishly presented at Press luncheons or receptions. So far, the contents have been almost universally gloomy, differing only on whether they think the inevitable recession will start in the first or second half of next year.

Not surprisingly, this sudden welter of bearish news has had its effect on the markets. Shares have faltered, and bond prices have gone into a decline. One of the leading brokerage houses *managed single-handedly to* knock three points off the Dow Jones index with its forecast of record interest rates and recession at the end of 1979. No one doubts that these forecasts are put out with the best of intentions—to inform and stimulate the economic debate. But the *striking point is that few if any* of them are subjected to much critical scrutiny. The market simply reads, reacts and moves *on to the next one. And in most* cases one suspects, dealers react less to the report itself than to how they expect the *rest of the market to react.*

What it amounts to is something of a charade, with economists making predictions which have an immediate impact but get forgotten long before they are proved right or wrong, and with markets trying to anticipate reaction. In short, Mr. Miller is *right. The fact that the fore*casters are all predicting gloom only increases the likelihood of their being proved correct. It is not entirely the forecasters' fault, of course. The publicists and the markets must share some of the blame. But economists, particularly those engaged in *long-term forecasting are lucky* people. Their forecasts are quickly forgotten, and few of them are ever called to account. Also, since many people are in the business of predicting in one form or another, the pressure to bring forecasters to book is very small. But perhaps the dangers Mr. Miller barped on could be lessened if the forecasters' performance was more closely followed, and the winners and losers invited to bask or wriggle in the glare of publicity.

This suggestion is bound to upset the forecasters. They always say that retrospectives are unfair because predictions are "modified" as time goes by. But that evades the point. We are talking about the impact of a prediction at a particular moment in time. If they don't care to be held accountable at that moment, then they would do better to keep quiet.

But can they keep quiet? Not in New York, where it is inconceivable that a major Wall Street institution should fail to come out with its annual predictions. It would be like omitting a dividend, and since these predictions usually make good copy, they are picked up and publicised by the Press. But if someone is to keep track of the forecasters, who should it be? The Press would have to play some kind of role because the results must be publicised to be effec*tive. But the Press is by nature* less interested in the past than the future. And since it is also to some extent in the forecasting business, it is unlikely to do the job with much enthusiasm.

Data processing

It would presumably have to be left to a specialist organisation or publication, which is *probably why one of the few* attempts at matching last year's forecasts with fact was made by Euromoney, the London *monthly.* Their survey, published a few weeks ago, showed that of all the hundreds of predictions made for the U.S. GNP growth and consumer price rises, only six were on target for the first and seven for the second. And only one organisation, Chemical Bank, got them *both right.*

In Britain, only the London Business School and Item Club were right on GNP, and nobody correctly predicted the rise in consumer prices.

By any standards, this is a dismal record for what is now a multi-million dollar business with all the latest data processing technology at its fingertips, and one would do well to bear this in mind while the year-end prediction rush is on. Not that economists are wholly unaware of their failings. As one quipped here the other day: "I hear the crystal ball manufacturer just issued a big recall."

A card for all seasons

AROUND BRITAIN

DUNDEE

By RAY PERMAN

IT'S A common misapprehension that greetings card manufacturers take it easy at Christmas, having done their work months ago while the thoughts of the rest of us were on other things. In fact they are now at their busiest, not only plodding on with the production of birthday, get-well, marriage, new arrival and all the other year-round cards *known as* "every days" in the business but preparing for Valentines, Easter, Mother's and Father's Days ("spring seasons") and gearing up for the trade shows that will decide what sort of cards we will be offered at Christmas 1979.

So the season of ringing cash registers and overloaded postmen means intense activity for Dundee, a city that has been in the greeting card industry since 1825 when John Valentine began engraving wooden blocks for linen printing.

His descendants have been making cards ever since. The family firm, Valentines of Dundee, was bought in 1964 by John Waddington of Leeds, the playing cards and games makers, but a direct link still persists through Mr. Andrew Valentine, who left the company eight years ago, taking several senior executives with him to set up a new business of his own.

The two companies—Valentines of Dundee and Andrew Valentine Ltd.—have grown alongside each other, providing work for more than 900 employees, not including outside printers, freelance artists and verse writers.

It is a highly competitive industry, but the future looks good. As a nation, Britain ranks in the top league of card buyers, behind the U.S. and Canada and a short way ahead of Australia, West Germany and Holland. Last year we bought 1.7bn cards, worth £150m. This year, the Greeting Card and Calendar Association estimates we will buy 5 or 6 per cent more.

As you might expect, we sent most cards at Christmas. The desire to keep in touch with people we hardly give a thought to for the rest of the year and the attempt to send a card to everyone we expect is going to send one to us, means that Christmas cards account for nearly two-thirds of all cards sold. "Everydays" make up little over a quarter, Valentines, Easter and the other "Spring seasons" about 7 per cent and singly boxed cards—highly regarded in the industry because of their high value—about 1 per cent.

Yet the card manufacturers are equivocal about the season of goodwill. They cannot afford to ignore such a substantial part of the demand, but they do not like the distortion it gives to their cash flow, nor the relatively low return.

For while the average greeting card buyer will happily spend between 1p and 20p on "Everyday" cards, she (90 per cent of cards are bought by women) wants to pay very much less—probably about ½p—for each Christmas card. *So, in* spite of their volume, Christmas cards bring in only a third of the total income of the cards industry, compared with more than half from "everydays." Those highly prized box cards, often elaborately printed on stuffed satin pillows or glossy acetate, earn 9 per cent of the total revenue.

Valentines of Dundee has already produced its first edition of cards for 1979, which is about 20 per cent of the final total it will make for next Christmas. Of 125m cards of all types manufactured each year, about 70m are Christmas cards. In the next two months sales shows in hotel *rooms up and down the country* will introduce the range to the retailers and their orders will determine the size of the final print and how many of each design are published.

The company thus gets two indications of what the public wants. Actual across-the-counter sales each Christmas influence the choice of themes given to the artists a few months later for the cards that will be on sale two Christmases hence. A second selection is made by the retailers, who choose their stock ten or eleven months in advance.

The aim is to get as accurate an impression as possible of the market demand, and it appears to work. Mr. James Galbraith, managing director of Valentines, estimates that the stock left in his warehouses is worth not more than £20,000, whereas total sales this Christmas will be £2m. Valentines will destroy all unsold cards, preferring to produce new designs each year.

Andrew Valentine Ltd. (AVL) also gets its designs from home and overseas sources and has a link with Norcross of Philadelphia. Unlike its bigger neighbour, AVL rests designs for a year or two and reissues them, perhaps with different verses *inside.* Editorials, as the trade calls the words, are usually written by freelances. Dundee seems to be unusually fertile ground for part-time poets who can channel their inspiration to the strict format of the greeting card.

"We feel that the design has to change from Christmas to Christmas. We are in a fashion industry, we've had sick humour, cutie-type with funny animals wearing paper hats, but this year we are back to the traditional cards—snow scenes, robins and Santas," Mr. Galbraith said.

The designs come from a number of sources, either Valentines' own artists, or regular freelances or from abroad. Valentines have a link with Valentines of Australia (once an associated company, now U.S. *owned*) and with Gibson Greeting Cards of Cincinnati. "We tend to find the Australians are very good on Victoriana, whereas the Americans have bags of colour and go for what I call paper sculpture with die-cuts and embossed cards," Mr. Galbraith comments.

But the verses inside cards come from only one source: Mr. Don Ferguson, the ex-garage mechanic who has been Valentines' verse writer for seven years and writes around 2,000 verses a year. These days his job is less arduous than when he *started:* "People now want shorter verses, four lines instead of eight, and whereas they used to be very sugary, they are now not so slushy."

Traditional Christmas themes provide Mr. Ferguson with a ready stock of key works and rhymes, but he is always looking *for something new.* He has a writer's reluctance to speak about work in progress, but, having wrestled with Christmas and Valentines for next year, he is now thinking around keys, and open doors for 21st birthdays.

AVL offers the full range of styles — whimsical, humorous (there is a difference), traditional and so on—but at Christmas relies heavily on the old favourites for what Mr. Bruce Gibbs, sales development manager, calls its "packages of sentiment."

AVL has already made its 1979 samples and is preparing to unveil them to the retailers. To meet the demand for cheaper cards at Christmas it abandons its innovation of individual film-wrapped cards which can be opened out so that you can read the verse before buying, in favour of packs of 10 or 20, enabling it to cut the price of individual cards by up to a half. But, like its larger Dundee competitor, AVL likes to remember, even at Christmas, that it does best from its more expensive, out-of-the-ordinary designs.

Top of its list for next year: For £2.55, a yard-high Santa packed in its own box. A card that would give any temporary postman a heart attack.

Underrated jumpers can repay interest in the New Year

RACING

BY DOMINIC WIGAN

WITH NO racing for a second successive afternoon, now seems *a good time to look at some* jumpers likely to repay support over the next three months.

The six I have picked should, given luck, produce some long-priced winners for the group contains several who appear to be underrated.

Birds Nest (R. Turnell). This Entanglement gelding has disappointed in three attempts at the Champion Hurdle but there seems little reason behind one offer of 16-1 against him achieving that goal in March. On his day Birds Nest remains the most difficult hurdler in the *country to beat.* He proved this twice last season, accounting for Night Nurse in the Fighting Fifth and beating Dramatist in the Bula.

Blue Braes (R. Head). Unlucky not to land a novice hurdle last term this son of Inyanga's sister, Strathaven, will be all the better for his outing of a few days ago and might well prove a long-priced winner in useful company.

Border Fort (R. Turnell). Another strong sort, this Border Chief gelding is a smart hurdler and seems sure to prove an even better 'chaser once his jumping improves. But for a jumping error, Border Fort might well have beaten Koiro Scott at Cheltenham last time out.

Cancello (N. Crump). Although a disappointment to some when only fourth behind Dyscole at Ascot on Saturday, this Middleham gelding can probably be excused his placings. The two-mile trip was far too short for him and he would also have been better served by more give in the ground.

Major Thompson (M. H. Easterby). One of the most illustriously bred geldings to have made the transition from the flat, this Brigadier Gerard gelding could, given normal improvement, go right to the top. But for the lack of a previous run Major Thompson might well have accounted for Kybo at Ascot.

The Dealer (F. Winter). Without doubt in my mind the best novice chaser seen out last season, this bay son of Raise You Ten may well prove *capable of creating* an unusual situation for his trainer and jockey in March, for by that time The Dealer, due to make his reappearance in early January, could well be the only home-trained chaser standing between stable-mate Midnight Court and a second successive Gold Cup.

TV/Radio

BBC 1 and BBC 2 television programmes may not be screened owing to industrial action.

BBC 1

† Indicates programme in black and white

9.50 am Paddington. 9.55 Jackanory. 10.10 Why Don't You . . . ? 10.25 Charlie Brown. †11.00 Buck Rogers. 11.20 The Fantastic Journey. 12.05 pm Tom and Jerry. 12.20 A Christmas Carol. 12.45 News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.00 "The Adventures of Huckleberry Finn." 3.45 Tom and Jerry. 3.53 Regional News for England (except London). *3.55 Play School.* 4.20 *Pixie and* Dixie. 4.25 Jackanory Writing Competition. 4.40 Captain Caveman. 4.50 Crackerjack. 5.35 The Clangers. Cartoon (London and South East only).

5.45 News.
6.00 Emu's Broadcasting Company.
6.35 Rolf at Christmas starring Rolf Harris.
7.10 Star Trek.
8.00 Citizen Smith.
8.30 The Liver Birds.
9.00 News.
9.25 Starsky and Hutch.
10.15 Max Boyce.
10.55 News.
11.00 The Late Film: "The Thomas Crown Affair." *starring Steve McQueen* and Faye Dunaway.

All Regional programmes as BBC-1 except at the following times:—

BBC Wales — 1.45-2.00 pm Melin Wynt. 5.35-5.45 Wales Today. 7.10 Heddiw. 7.30-8.00 It's Welsh Rock. 10.55 Regional and *National News.*

Scotland—5.35-5.45 pm Scottish News. 10.55-11.00 Regional and National News; Weather.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.35-5.45 Northern Ireland News. 6.35-7.10 Christmas Carolcade. 10.55-11.00 Regional and National News.

BBC 2

11.00 am Play School.
3.05 pm Leonard Bernstein at Harvard.
4.50 Mountain Days.
5.30 News Headlines.
5.35 Christmas Matinee: "The Nun's Story," starring Audrey Hepburn, Peter Finch, Edith Evans, Peggy Ashcroft.
8.00 Country Game with Angela Rippon.
8.30 Leo Sayer.
9.00 She Loves Me.
10.50 News.
11.05 Emerson, Lake and Palmer Special.
11.55 Late Night Story.

LONDON

9.30 am Frosty and the Snowman. 10.00 Sacred Ground. 10.55 The Christmas Martian. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Three Little Words. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 "Monte Carlo or Bust," starring Peter Cook, Tony Curtis and Susan Hampshire. 4.15 Doombolt Chase. 4.45 Magpie. 5.15 First Christmas.

5.45 News.
6.00 Thames At 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 Survival Special.
9.00 Vegas.
10.00 News.
10.30 Gene Kelly's Dancing Years.
11.30 Swingle Bells.
12.15 am Christmas Pie.

All ITV regions as London except at the following times:—

ANGLIA

9.55 am The Tiny Tree. 10.20 A Christmas Two-Step. 10.45 Cartoon Time. 1.25 pm Anglia News. 2.00 The First Christmas. 2.30 Family. 3.30 God Bless Us Everyone. 4.00 Cartoon Time. 5.15 Really Rosie. 6.00 About Anglia. 12.15 am The Christmas Story.

ATV

9.30 am Pinocchio. 9.55 Survival. *10.20 Wilkie On Water.* 10.45 Lord Tramp. 11.10 Rudolph The Red-Nosed Reindeer. 1.20 pm ATV Newsdesk. 2.00 The First Christmas. 2.30 Movie Matinee: "It Happened One Christmas." 5.15 Happy Days: Guess Who's Coming to Christmas. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Gene Kelly's Dancing Years. 12.00 Swingle Bells.

BORDER

9.55 am The Tiny Tree. 10.20 A Christmas Two-Step. †1.20 pm Border News. 6.00 Lookaround Friday. 6.30 Christmas Ceilidh. 12.15 am Border News.

CHANNEL

1.18 pm Channel News. 1.30 Stars On Ice. 2.00 The First Christmas. 2.25 The Friday Matinee: "A Dream for Christmas." 4.05 Cartoontime. 5.15 Emmerdale Farm. 6.00 Report At Six. 6.35 Woobinda The Bounty Hunter. 7.30 The Best Of Bernie. 8.00 Survival Special. 10.28 Channel Late News. 12.15 am News and Weather in French.

GRAMPIAN

9.25 am *First Thing.* 10.00 The Tiny Tree. 10.20 A Christmas Two Step. 10.45 Cartoon Time. 1.20 am Grampian Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 7.00 Welcome To The Christmas Ceilidh. 12.15 am Reflections. 12.20 Grampian Headlines.

GRANADA

9.55 am The Tiny Tree. 10.45 Cartoon. 1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 2.00 The First Christmas. 2.30 Friday Matinee: Ron Moody in "The Flight of the Doves." 5.15 This Is Your Right. 6.00 Granada Reports. 6.20 Kick Off. 12.15 am Late Night Movie.

HTV

9.55 am The Tiny Tree. 10.20 A Christmas Two-Step. 10.45 Betty Boop. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 6.00 Report West. 6.15 Report Wales.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.30 Outlook Special. 11.00-11.30 It's A Dog's Life.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.00 am The Tiny Tree. 10.20 A Christmas Two Step. 10.45 Cartoon. 1.25 pm Scottish News. 1.30 University Challenge. 2.00 The First Christmas. 2.30 Friday Matinee: "The Dangerous Days of Kiowa Jones." 5.15 Mr. and Mrs. 6.00 Scotland Today. 7.30 Sounds Of Britain. 11.20 Christmas Call. 11.25 Gene Kelly's Dancing Years.

SOUTHERN

9.55 am The Tiny Tree. 10.20 A Christmas Two Step. 10.45 Cartoon. 1.20 pm Southern News. 2.00 The First Christmas. 2.30 Flight Of The Doves. 5.15 Laverne And Shirley. 5.40 Weekend. 6.00 Day By Day/Scene South East. 6.30 Out Of Town. 12.15 am Southern News Extra. 12.25 Weather Forecast followed by The Holly And The Ivy.

TYNE TEES

9.25 am The Good Word. 9.55 The Tiny Tree. 10.20 A Christmas Two Step. 10.45 Cartoon Time. 1.20 pm North East News. 6.00 Northern Life. 6.25 Sportstime. 12.15 am Epilogue.

ULSTER

10.20 am A Christmas Two Step. 10.45 Cartoon Time. 1.20 pm Lunchtime. 1.30 George Hamilton IV. 4.13 Ulster News Headlines. 6.00 Reports. 6.30 *Sportscast.* 12.15 am Bedtime.

WESTWARD

9.20 am In Praise Of Christmas. 9.55 The Tiny Tree. 10.20 A Christmas Two Step. 10.45 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Stars On Ice. 2.00 The First Christmas. 2.25 The Friday Matinee: "A Dream for Christmas." 4.05 Cartoon. 6.00 Westward Diary. 6.35 Time Out. 7.30 The Best Of Bernie. 12.15 am In Praise Of Christmas.

YORKSHIRE

9.55 am The Tiny Tree. 10.20 A Christmas Two-Step. 10.45 Cartoon Time. 1.20 pm Calendar News. 6.00 Calendar Christmas Party.

BBC Radio New Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic Broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 6.00 Roundtable. 7.30 As Radio 1. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 David Allan (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk with racing results. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. *4.45 Sports Desk.* 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sequence Time (S). 8.02 Geoff Love (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Support Your Local. 10.30 Christmas Song. 11.30 Brian Matthew introduces Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S) Rossini, Bach, Kodaly. 9.00 News. 9.05 This Week's Composer: *Chaikovsky (S).* *10.00 Holiday* Special Fanfare (S). 10.20 BBC Concert Orchestra in Portugal: Bliss, Delius, Elgar (S). 11.20 Young Artists Recital (S). 12.15 pm Midday Concert: Wagner, Walton. 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert part 2: Chaikovsky (S). 2.15 Songs Of Christmas (S). 2.50 Rysthan Zimerman Piano: Beethoven, Brahms (S). 3.45 Interval Reading. 3.50 Recital, part 2: Chopin. 4.20 Youth Orchestras Of The World: Elgar, Brahms (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 Berlioz: l'Enfance du Christ (S). 8.30 Victor Hugo. 9.00 Berlioz: l'Enfance du Christ, part 3 (S). 10.00 Stories On 3. 10.15 Alan Rawsthorne. 10.40 Music Now. 11.25 Beethoven and Schubert (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 News. 7.30 and 8.30 News headlines. 7.45 Thought for the Day. 8.45 Serial Reading. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen *With Mother.* 12.00 *News.* 12.02 pm You And Yours. 12.27 My Word! (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Joseph And The Amazing Technicolour Dreamcoat. 4.20 A Jew At Christmas. 4.35 Story Time: "The Thirty-Nine Steps." 5.00 PM. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz On Friday. 11.00 A Book At Bedtime. 11.15 The Meaning Of Christmas. *11.30 Archive Feature.* *11.45 Just Before* Midnight. 12.00 News. 12.15-12.23 am Shipping forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Young Jazz. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00 As Radio 2.

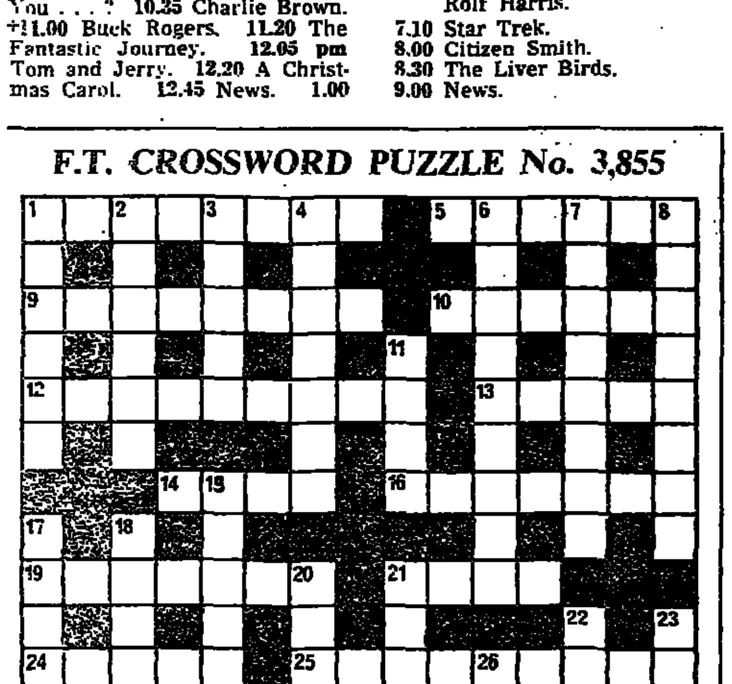
London Broadcasting

5.00 am Morning Music. 6.00 A.M. with Bob Holness and Douglas Cameron. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight with *Ian Gilchrist.* 9.00 Nightline with Alan Nin. 1.00 am Night Extra with Hugh Williams.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel. 12.00 Dave Cash (S). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). *11 pm Mike Allen's Late Show* (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,855



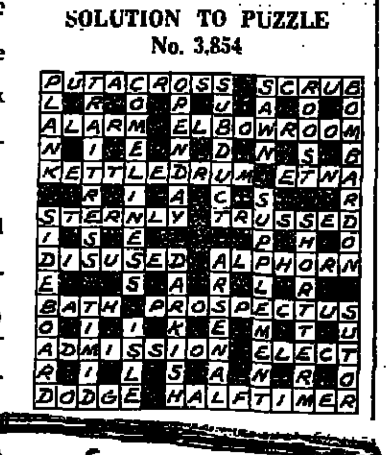
ACROSS

1 Zealous reporter with intelligence to sell (8)
5 Minor routes to waterways (6)
9 Skill of painter on railway (8)
10 What one usually does with copper's cat (6)
12 Spare time during period of depression (4-5)
13 Chap painting organ (5)
14 Photograph injection (4)
16 Busy female worker on point of going to drinking den (7)
19 Mixture confused lag between one morning and another (7)
21 Fresh start with ancient enclosure (4)
24 Shelter church offers old doctor (5)
25 Neat example of hard-up wind *player* (9)
27 Gosh—go by air with bovine biter (6)
28 Trial lot jumbled up on the shore (8)
29 Consult on how to begin work (4, 2)
30 Present person with a West-end offer (8)

DOWN

1 Almost reach Pole in good time (6)
2 Intelligence young Henry displays as well (6)
3 Shy at becoming hurried (5)
4 Authority for attack on tub-thumping (7)
6 Unfair treatment of timber before planing (5, 4)
7 Set in motion a transcribed cat duet (8)
8 *Character of suburban house* established in interval (8)
11 Is doubly a flower (4)
15 Beast gets definite chance to keep everything for himself (3, 3, 3)
17 Illumination of which Georgie has not much (8)
18 The French seller of perfume (8)
20 Greenstuff not in the Rolling Stones' collection (4)
21 Tradesman working in bloomers (7)
22 Low sound revolutionary tied up (6)
23 Rod gets point of view right (6)
26 *Tax at 10 per cent* (5)

SOLUTION TO PUZZLE No. 3,854



ENTERTAINMENT GUIDE

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OPERA & BALLET

THEATRES

CINEMAS

Cinema

The best pantomime this Christmas

by NIGEL ANDREWS

The First Great Train Robbery (AA) Leicester Square Theatre
Dog Soldiers (X) London Pavilion
Dear Inspector (R) Curzon
Every Which Way But Loose (AA) Warner West End, Scene, ABC Fulham Road

Set in Victorian England and embroidering on the "real story" of a gold bullion theft in 1855, Michael Crichton's *The First Great Train Robbery* is an unlikely and hugely enjoyable change-of-pace from the writer-director of *Westworld* and *Coma*. Crichton has shelved his flair for eerie Science Fiction tales of man's inhumanity to man, and constructed a "caper" movie that after initial fumblings (an overdose of stiff Victorian pastiche in the dialogue and of arch slapstick in the action) emerges as irresistibly lively and stylish.

If you are short of ideas for Family Entertainment this Christmas, look no further. The film boasts some handsome pantomime-style settings—from a glittering mock-up of Crystal Palace to a colourful backdrop of St. Paul's—and a winning double-act by Sean Connery and Donald Sutherland. Connery twirls his beard as a Victorian plutocrat with a taste for Perfect Crimes, and Sutherland is his shady Irish accomplice adept at cracking both safes (other people's) and knuckles (his own).

It is Connery's inspiration to rob a train carrying government gold bullion to the coast for shipment to the Crimean War. The first problem is to find and duplicate the four safe-keys, which have diverse owners. The second problem is to break into the guard compartment of the moving train and break out with the gold. The first occasions some scenes of elegant subterfuge, spiced with sexual diversion tactics by Connery's mistress (Lesley-Anne Down), and garnished with acrobatics by ballet-dancer Wayne Sleep as a cat-burglar specially sprung from prison for his criminal expertise.

The second inspires a cliff-hanging *pièce de resistance* worthy of *Topkapi*. Connery, performing his own stunts, runs the length and breadth of a fast-moving locomotive roof while low bridges keep looming up and threatening to decapitate him. I have never seen so much emphatic ducking and weaving of heads in an audience as during this sequence. At the end of the film, in a mixture of relief, approbation and nervous exhaustion, the Press show audience broke into happy and unsolicited applause.

Karel Reisz's *Dog Soldiers* is a sour, sullen and curiously facile post-mortem on the Vietnam War. The film appears at least five years too late, it seems to me, since not only has the war itself ended but so to a great degree has the disenchanted aftermath; that mood of *desperate scepticism and moral* disorientation which had its catharsis in Watergate.

Reisz's film, based on a novel by Robert Stone, tells the story of an American soldier returning from Vietnam (Nick Nolte) who agrees to smuggle heroin back into the States for one of his service friends (Michael Moriarty). In America he contacts his friend's wife (Tuesday Weld) as instructed, but learns that she knows nothing of the deal and does not have the money to pay him. Narrowly evading the attentions of a ruthlessly inquisitive CIA agent (Anthony Zerbe), Nolte takes to the open country with Miss Weld, finds a hilltop hideout, *and waits for the world to come* to him. In due course the world does so: in the shape of Zerbe and his henchmen, newly joined (under duress) by Nolte's returned Vietnam comrade. *Siege, shoot-out and showdown* follow.

Reisz appeared on TV recently, eagerly promoting the idea that *Dog Soldiers* is basically a modern Western—a "high adventure" story with modern moral and sociological trimmings. What bothers one is that for an updated Western it seems more old-fashioned than most real Westerns. The screenplay — laconic, expletive-filled, self-consciously "hip"—is like a do-it-yourself American dialogue kit late-1960s issue; and in the action sequences we are never allowed simply to watch the spectacle *qua* spectable, but always nudged into seeing it as spectacle *qua* allegory.

What that allegory is all about, if it is about anything beyond the transcendently glib *sententia* that life is a moral jungle not only in Vietnam but back on the home front, remains an enigma. Strong, sensitive photography (by Richard H. Kline), and ditto performances *from* Tuesday Weld and Michael Moriarty, make the film seem even more of a sad waste of energy and intelligence than it might otherwise have been.

After *Pardon Mon Affaire, Too* one fears the worst from French comedies opening at the Curzon cinema. But *Dear Inspector* is a surprise and a delight. It is co-written and directed by Philippe de Broca, who has had a picturesquely up-and-down career in the French cinema, with a tendency to disappear without trace between isolated successes. (This is one of the successes). *And* it stars Annie Girardot—spiky, volatile and attractive—as a Paris police inspector: a lone bastion of feminine distinction in a world of aggressively exclusive Male Chauvinist Piggery.

The film also stars portly Philippe Noiret as the man Mlle Girardot knocks over on a bicycle one day and falls in love with. M. Noiret returns her love, goes on teaching Greek at the Sorbonne and has no idea that Mlle. Girardot is a "*flic*." While *that* plot thickens, another one starts up. Numerous French Deputies start to die off after being punctured in the back with sharp instruments. (Awls, to be exact). Can Mlle. Girardot (a) solve the crime (b) keep her professional identity a secret from M. Noiret, whom she thinks it *might deter romantically*?

The film works like a charm. The crime plot has just enough exotic plausibility to compel interest and suspense, and de Broca beautifully interweaves with it his off-centre sad-funny, middle-aged romance. Well worth a visit.

★

One cannot say the same for *Every Which Way But Loose*. "Philo's your regular easy-going guy" says the Press synopsis about this film's hero, played by Clint Eastwood. Those wishing to model themselves on Philo-Eastwood's easy-going regularity may wish to know that it includes having an orang-utan as a best friend, developing a state-hopping *amour fou* for a Country and Western singer (Sandra Locke) and using his fists to pulverise his fellow men at frequent intervals, in the service either of financial gain—he invites bets on impromptu boxing fights—or of self-defence. Instances of the latter are precipitated by Eastwood's simultaneous harassment by a large gang of spider-tattooed Hell's Angels from Los Angeles, and by two LA policemen whom he ill-advisedly fells in a bar-room brawl.

The orang-utan steals the film. *Not* that there is *much* competition. Mr. Eastwood, playing a Californian trucker with what seems to be an awful lot of time on his hands, repeats with Miss Locke their Immovable - Force - and - Irresistible-Oject romantic duo from *The Gauntlet*: while Ruth Gordon overacts almost certifiably, like a pixie on LSP, as Eastwood's *eccentric mother*. The film has a desperate and unsalvagable untidiness. So inchoately does the avalanche of American virility cilchés tumble from the screen that one neither knows, nor greatly cares, what is coming next. At the Press screening, as if to prove the point, two reels were shown in the wrong order; with no one in the audience perceptibly disconcerted.

Clint Eastwood has developed a habit recently of homing in on British cinema screens at around Christmas-time (last year with *The Gauntlet*, the year before with *The Enforcer*). The timing is apt, since Eastwood's increasingly far-fetched movies, gift-wrapped in machismo, but so preposterous as to be inoffensive, offer the closest approximation currently available to adult Disney.

Sean Connery and Lesley-Anne Down in "The First Great Train Robbery"

Palladium

Aladdin

by MICHAEL COVENEY

Never—well not at least since last week's new British musical — has so much money been thrown away after so little. You would have to go a long way to find a more complete travesty of the spirit of pantomime than this vulgar, thinly written, badly produced, appallingly choreographed explosion of bad taste. The microphoning and amplification is a disgrace, the acting dreadful and everyone on stage melts like butter in advance of Danny La Rue.

Now Danny La Rue I admire. I admired him more as a club performer and I even quite liked him in his last pantomime, *Cinderella*. But he is not a pantomime dame. He is a baritone in lush drag, a twinkling alchemist of poor material, safe for the mums these days, alas, and quite a neat mover. But Widow Twankey's tale is one of rags to riches. Danny first appears with a washing basket on his head and baby clothes round his apron, complete with nail varnish. There is no transformation needed for this already confident Madame, who steamrollers any competition into the wings.

We first see Princess Belroubadour (Wei-Wei Wong) in the Palace gardens, which look like a setting for the next Camay soap commercial. Abanazer (Alfred Marks) is finally foiled in a grisly *Star Wars* commercial. Money is behind everything in this show. The ghastly Abba hit number "Money", is the theme and traditional panto sentiments are buried under a welter of awful cheap-looking glamour and phoney ensembles.

Children in the audience warmed only to the trampoline antics of the Pekin Police, changed by wealth into an obliging circus clown troupe. And Danny is his impeccable self with a delightful selection of kits for the penultimate sing-a-long. The kits cost no money.

Wayne Sleep does himself little credit in his corny dance sequence in the Palace of Jewels, settling for a sort of camp muscularity he no doubt feels appropriate for his tawdry surroundings.

Danny La Rue

The Warehouse, Covent Garden

Awful Knawful

IN *The Adventures of Awful Knawful*, the Royal Shakespeare Company's Christmas offering *for children at The Warehouse* in Covent Garden, The Voice is intent upon taking over the world. Until the final scene it exists only as a disembodied public address system, but it is served by Jakopo and Marla—a couple of punk hooligans in black skin-tight outfits, played with great relish by Rory Edwards and Michele Copsey.

Awful Knawful (*Richard* Derrington), all in white, is hunting down The Voice—presumably the name of truth, justice and beauty though that is none too clear—helped by Geronimo, a highly coloured sort of rag-doll-cat who speaks with Donald Duck's voice, a feat achieved with great charm (and presumably some mechanical device?) by Charlotte Cornwell.

Geronimo is one of the creations of Professor Madchat, who has also made The Killer Robot, and a zombi called Croton who proves to be the hit of the show. Dressed in a von Daniken spaceman suit, topped with plastic dreadlocks, scarlet spectacles and big rubbery lips, Croton (played by Nicholas le Prevost) repeatedly proffers kisses to the audience.

Since the Warehouse is a miniature theatre-in-the-round, this is a perfectly practical proposition producing squeals of delighted horror. Parents not wishing to "volunteer," army style, to give a blood donation to Dr. Blood and his well muffled nurse, Florence, or to serve as a model for the Professor's strangulation demonstration (both honours falling to our critic much to the hysterical glee of younger Dunkleys) would be *well advised to avoid the front* row.

Other notable characters in a cast unusually large for this sort of modern Christmas production, included a grinning green-faced giant spider; a couple of cowboys; Lasse Fever, the faster runner on earth; Dr. Knotinhisbankie, the greatest memory man on earth; and P.C. McKnee, the greatest policeman on earth.

As may be gathered from this, Peter Flannery and Mick Ford have written a show which offers little or nothing to children who enjoy sentimental songs or crying their eyes out over Bambi or Snow White. But for the sort of tough, modern children who are supposed to spend all their time watching Starsky and Hutch and the like, it is sure-fire material.

John Caird and Howard Davies have directed with terrific pace, and children from the audience are allowed to roam over the rope ladders and see-saws *on stage before the show* and during the interval.

CHRIS DUNKLEY

Leonard Burt

Richard Derrington

St. John's, Smith Square

Rozhdestvensky duo

by DOMINIC GILL

Stepping down for the evening from his rostrum with the BBC Symphony Orchestra, Gennady Rozhdestvensky joined his wife, *Victoria Postnikova*, in a programme of four-hand piano duets at St. John's on Tuesday.

It was an agreeable, informal occasion. Rozhdestvensky is not a concert pianist of the same calibre as Postnikova; but they make a lively ensemble nonetheless, satisfyingly balanced, quick and responsive. The most substantial work of their Russian first half was Rakhmaninov's set of Six Pieces op. 11, which they delivered with style, nicely synchronising the tricky rubatos of No. 2, and emphasising the contrasts of the finale, quietly nostalgic, grandly rhetorical.

They also gave the duo sonata of Mussorgsky—a rather thinly-worked "symphonic exercise" of 1860; and with singers from the BBC Chorus an interesting five-minute fragment, discovered in the Mussorgsky Archives in the 1930s and apparently here performed in public for the first time, of a Market Scene from the unfinished opera-ballet collaboration *Mlada*. Their second half was all English: a light-hearted selection of four-hand baubles by Warlock, Rawsthorne, Grainger, Lambert and Berkeley—most effective the Grainger "Let's dance gay in green meadow," a play of contrasting colours laid out with characteristic Ivesian ebullience.

Arts news in brief

A week of dance with Kate Flatt's Dance Company, and the London debut of two American soloists—Lucinda Childs and Elizabeth Walton—will take place from January 10 to 14 at the Riverside Studios, Hammersmith.

Lucinda Childs, America's foremost experimental dancer/performer, will present a programme of solo works including *Plaza* (1977), *Katema* (1978), Work in progress with Philip Glass (a section of a five part piece to be presented in New York next year in collaboration with Sol Lewitt), on January 10, 11, 12, 13 at 9 pm. She recently appeared in Robert Wilson's production of Patio at the Royal Court Theatre but this marks her first performances in London as a dancer.

Kate Flatt will present People Who Dance—a programme of folk dances and new dance works inspired by her recent journey through Greece, Bulgaria, Romania, Hungary, on January 10, 11, 12, 13 at 7 pm.

Elizabeth Walton, formerly a leading member of the Paul Taylor Company of New York will offer solo works by James Waring, Gus Solomon Jnr. and Dan Waggoner at 8 pm on January 14.

★

The 1978 Jewish Chronicle/H. H. Wingate Literary Awards have been won by Dan Jacobson, for his novel Confessions of Josef Baisz (Secker and Warburg £3.90) and Lionel Kochan, for his study, The Jew and His History. (Macmillan £7.95).

The authors each received a cheque for £1,000 at a presentation party at Stationers Hall.

John Whiting Award

The Arts Council has announced that the John Whiting Award 1977 is being shared by two playwrights, David Halliwell and Snoo Wilson. David Halliwell's award is for *Prejudice* which was presented by *Temba*; *Snoo Wilson's* is for *The Glad Hand*, produced at the Royal Court.

The John Whiting Award was instituted in 1965 to commemorate the late John Whiting and his contribution to post-war British theatre. The award (this year £750 to each of the winners) is given for work which demonstrates a new and distinctive development in dramatic writing and is particularly relevant to contemporary society. Past recipients have included Tom Stoppard, Peter Nichols, Peter Terson, Howard Brenton, David Rudkin and David Edgar. Last year's winner was David Lan.

The judges this year were actress Lynn Farleigh, actor and director Anton Rodgers and playwright Peter Barnes who shared the award in 1968 with Edward Bond.

Elizabeth Hall

Schubert/Webern

by RONALD CRICHTON

The fourth evening of the London Sinfonietta's series, on Wednesday, brought five Schubert works (one of them a group of songs orchestrated by Webern) and eight by Webern—not counting the Schubert songs but counting a very distinguished Bach arrangement. Although the concert was as enjoyable as it was in various ways instructive, one can't hope even to mention, let alone discuss all the works. David Atherton conducted the Sinfonietta and attendant chorus, Phyllis Bryn-Julson was the soprano soloist. There was a good audience so concentrated on the music that there wasn't a cough to be heard (a typical burst of South Bank coughing could annihilate about three pieces by Webern) in spite of foul weather.

Webern's Symphony op. 21 was given for the first time anywhere in the original version, with the strings reduced to a solo quartet (at Webern's own suggestion), the two existing movements played in order of composition, with the Variations first, and the projected third movement "reconstructed from the composer's sketchbooks" by *Alan Stout—at first acquaintance* the scoring of this finale sounded plain compared to the rest but consistently so. The Eight Orchestral Fragments of 1913, were heard for the first time in this country.

The Sinfonietta's programming and programme editing are so generous and imaginative that one hesitates to say that the evening's booklet was not very helpful about this work, while the Moldenhauer book *adventurously bound into the* programme for the whole series has not so far yielded much on the point—is this a later version of the "*seven* pieces for orchestra" apparently begun in 1911? They are related in their moods to the Five Pieces op. 10, also included on Wednesday, but even tinier and (comparatively) coarser cut.

Another side of Webern was illuminated by the beautiful setting for chorus and orchestra of Hildegard Jone's poem *Das Augenlight* (which made a deep impression at the London ISCM Festival of 1938) and the First Cantata, to words by the same poet, in which this often fugitive (but not indefinite) composer becomes at moments positively assertive. The five Schubert songs (though the *Rosamunde* Romance, strictly speaking, hardly needed this attention) sit very well on Webern's orchestra.

The restrained purity of Miss Bryn-Julson's style was more suited to "Thränenregen" and "Ihr Bild," than to "Der Wegweiser" from *Die Winterreise* or "*Du bist die Ruh*." She negotiated two groups of Webern songs with a cool ease almost entirely unruffled by some perilous leaps. The Schubert items included the remarkable *Kleine Trauermusik* for wind (*D. 79*) in which the Sinfonietta horns atoned splendidly for one or two minor lapses earlier in the evening.

Plays and Players awards

The *Plays and Players* annual theatrical awards, the choice of the London theatre critics, confirmed *Whose Life Is It Anyway?* as the best new play and its author Brian Clark shares the most promising new playwright award with Nigel Williams (for *Class Enemy*). Best performance by an actress went to Diana Rigg for *Night and Day*; best by an actor was Nicol Williamson in *Inadmissible Evidence*; best actress in *a supporting role was Dorothy* Tutin in *The Double Dealer* and Michael Bryant in the same play won the best supporting actor award. The best new musical was considered to be *Annie*; the most promising new performer David Threlfall of the Royal Shakespeare Company; the best production by a designer was Harold Prince with *Evita and for a designer* Tanya Moiseiwitsch for *The Double* Dealer at the National.

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Friday December 22 1978

Uneasy New Year calm

THERE IS a sharp contrast between the actual New Year forecasts in the new OECD *Economic Outlook*, which are reassuring, and the prose assessment which exhibits a good deal of anxiety about the future.

The forecasts are reassuring because they show not only a continuation in the present upward movement in the main industrialised countries which make up the bulk of the Organisation's membership, but because of a change in the composition of that growth. The U.S. growth rate is expected to slow down while that of Germany to increase, thus reversing the previous pattern of a U.S.-led recovery. Other things being equal this should ease the pressures on both the dollar and the mark.

The OECD forecasts perform one useful purpose—even to those who are sceptical about such operation. This is that they can be much more frank about the likely slowdown in U.S. growth—now seen as falling to 1 per cent in the course of 1979—than the Administration in Washington, which tries to pretend that it has rejected all thought of recession to curb inflation and currency weakness.

Fine-tuning

But if one looks at the OECD forecasts in more detail, not only the U.S. but most other countries are expected to slow down by the second half of 1979. The German and Japanese upturns are expected to lose momentum: and the U.K. growth rate is also expected to decelerate to 1½ per cent, implying a renewed rise in unemployment. This, coupled with a forecast of an improving UK current payments balance, gives Mr. Healey a figleaf to cover the electoral nakedness of his broadcast hint about lower taxes.

It is at this point that one has to remember that the OECD represents a particular point of view, that of active demand management. As it sees the world, demand and output will always be growing too slowly or too fast, or in the wrong countries, without highly active and co-ordinated demand management by governments. It is a philosophy observable in its figuring. One sees the fiscal stimuli it had so much commended giving output a boost at the end of 1978 and the beginning of 1979, but then waning in their effects as next year progresses. One wonders how international growth was ever achieved during the two centuries before the so-called Keynesian Revolution.

The alternative to the OECD approach is not, as is often alleged, "to leave things to the markets," as if that were a policy. What is required is some study of the conditions under which markets will function best and of the general rules of action—as distinct from ad hoc interventions—by which Governments can promote that stability. The OECD warns that unless the readiness of industrial countries to adjust to a changed system of demand is stepped up, the world "could risk stepping back by half a century" into trade war conditions.

One of the most interesting single estimates which the OECD does provide is that every 10 per cent rise in the dollar price of oil adds 1 per cent to the average national inflation rate. As the OECD assumed a very moderate oil price increase the rise just announced by OPEC will add the full 1 per cent to the inflation rate — assuming accommodating monetary policies — and thus make it likely that world inflation will after all start to rise again in the course of 1979. The abrupt shock would have been avoided if OPEC had priced in SDRs and thus made a gradual adjustment to changing currency values.

Even more interesting is an OECD estimate of what it calls the productivity shortfall since 1974. This is the amount by which output per man has fallen below its previous trend line. Part of the shortfall is assigned to cyclical factors, in other words to the severity of the last recession and imperfect recovery from it. But a large part of the shortfall is not directly due to business cycle factors. The two countries with the biggest shortfall here are the UK and Italy, averaging 2 to 2¼ per cent pa each, which in terms of annual rates is very large indeed.

Job-Saving

The OECD mentions "employment-supporting" measures, such as industrial subsidies and special public sector employment programmes, and legislation increasing the cost of layoffs. It would be interesting to know if these measures have been larger in extent, or simply more restrictive in design and application, in Britain and Italy than in France and Germany. As for the results, unemployment—on figures which the OECD tries to put on a common basis — is higher in Britain and Italy than either in France or Germany or the general average. These figures do not prove that "job-saving" activity destroys jobs, but they do at least suggest that Mr. Callaghan should stop boasting about the sums of money he has forced the taxpayer to put into a myriad of industrial schemes until he can show better evidence of results than any so far available.

A ten-nation Community

GREECE'S negotiations for membership of the European Community have now passed the critical watershed, and the event is one which should, on general political grounds, be warmly welcomed. Like the two other applicant countries, Spain and Portugal, Greece has long sought closer links with the Community and for many years the Community insisted that only democratic countries could be offered membership. Now that all three countries have once again become democratic, it is inevitable and appropriate that the way should be opened for them to join the Community.

In Greece's case the political arguments are particularly telling. Greece has been associated with the Community ever since 1962, and the motivating force for that association — the need to link the country more closely with its Nato allies in Europe — still holds good today. Indeed, it is arguable that Turkey, which has also been associated with the EEC, for a very similar length of time and for identical reasons, should in turn become a full member, if only this might help ease the conflicts between Athens and Ankara.

Problems

These general political arguments in favour of the enlargement of the Community can not hide the very real practical problems to which it will give rise. When negotiations became a practical issue, these problems began to loom much larger, and fell into two main categories: the free movement of workers, and participation in the common agricultural policy. The Germans, who benefited from the immigration of large numbers of "guest workers" in the boom years, and then were saddled with the problems of what to do with them in the slump, have been afraid of mass immigration from the poor Mediterranean countries. The French and Italians have been afraid that Greece, Spain and Portugal would offer unacceptable competition for their own agricultural industries.

In the event, this week's negotiations have settled both these issues on terms that are much more favourable to the Greeks than those which the Germans, French and Italians were originally prepared to offer. Yet it is clear that the problems posed by Greece in these two areas are much smaller than those of Spain, which has a population four times as large. The unanswered question is whether the Greek terms will constitute a benchmark for the negotiations which have started with Portugal, and which are due to start next year with Spain.

The central question here is: what are the real intentions of the French Government? General de Gaulle was a vocal advocate of enlargement to the south, on the romantic grounds that France was a country with a Mediterranean vocation, and would be strengthened by the adhesion of Mediterranean allies.

Since then, however, popular opinion in France has become much more hostile to the idea of enlargement.

The one problem which has not figured in the Greek negotiations is the effect of enlargement on the Community's decision-making procedures. In a Community of nine, decisions have proved even more laborious than in one of six; when the number is enlarged to twelve decisions will be even more difficult, especially since the three newcomers are poorer and more agricultural than their northern neighbours.

To the present British government, this may seem a positive benefit if it averts the (quite illusory) danger of federal decision-making in Brussels. The government may also hope that enlargement will bring the farm policy crashing down. These hopes are contradictory, however, since a radical change in the farm policy can only be achieved (if at all) by majority vote.

More troubles ahead for the U.S. dollar

BY PETER RIDDELL, Economics Correspondent

THE SHARP fall of the U.S. dollar this week and the further rise of U.S. interest rates are a reminder—if one was needed—that the problems of the U.S. currency were not removed by President Carter's support package of November 1.

It is too early yet to talk in terms of a crisis on the scale of hectic selling of late October, the rally yesterday suggests that there is likely to be some respite until after the end of the holidays. But the events of the last week have exposed both the continued frailty of the dollar and the foreign exchange market's doubts about its immediate prospects. Indeed there had been signs of weakness even before last weekend's announcement of larger than expected increases of oil prices in 1979 triggered the widespread heavy selling of Monday and Tuesday.

The result is that the dollar has lost nearly a third of the ground it gained last month against the Deutsch Mark and Swiss franc in response to the Carter package. Between the end of October and November the average value of the dollar against the currencies of its main trading partners rose by roughly 7¼ per cent, but it has since fallen by 3 per cent, back to the level of the early autumn.

The fluctuations of the dollar have dominated international financial discussions this year, and look like doing so again in 1979. The persistent weakness of the U.S. currency has exposed fundamental flaws in the international monetary framework as it has developed since the breakdown of the fixed exchange rate, or Bretton Woods, system seven years ago. The resulting search for stability has been the main pressure, for instance, behind the creation of the European Monetary System, due to start on January 1. What happens to the dollar from now on will be a key determinant of whether EEC currencies can remain liked together in the EMS and of the prospects for a broad recovery of world trade and activity.

There is no easy or straightforward explanation why the dollar has fallen by nearly 15 per cent on average since the middle of last year and by much more against the world's strong currencies. Consequently there is no sure way of saying when, or if, a lasting rally will develop.

At one level some economists argue that to talk of a dollar problem is misleading and is to mistake the symptom for the disease. On a longer-term view it is, of course, possible to point to the great expansion of dollar holdings overseas over the last decade and to the desire of major investors to spread their portfolios among a range of currencies besides the dollar.

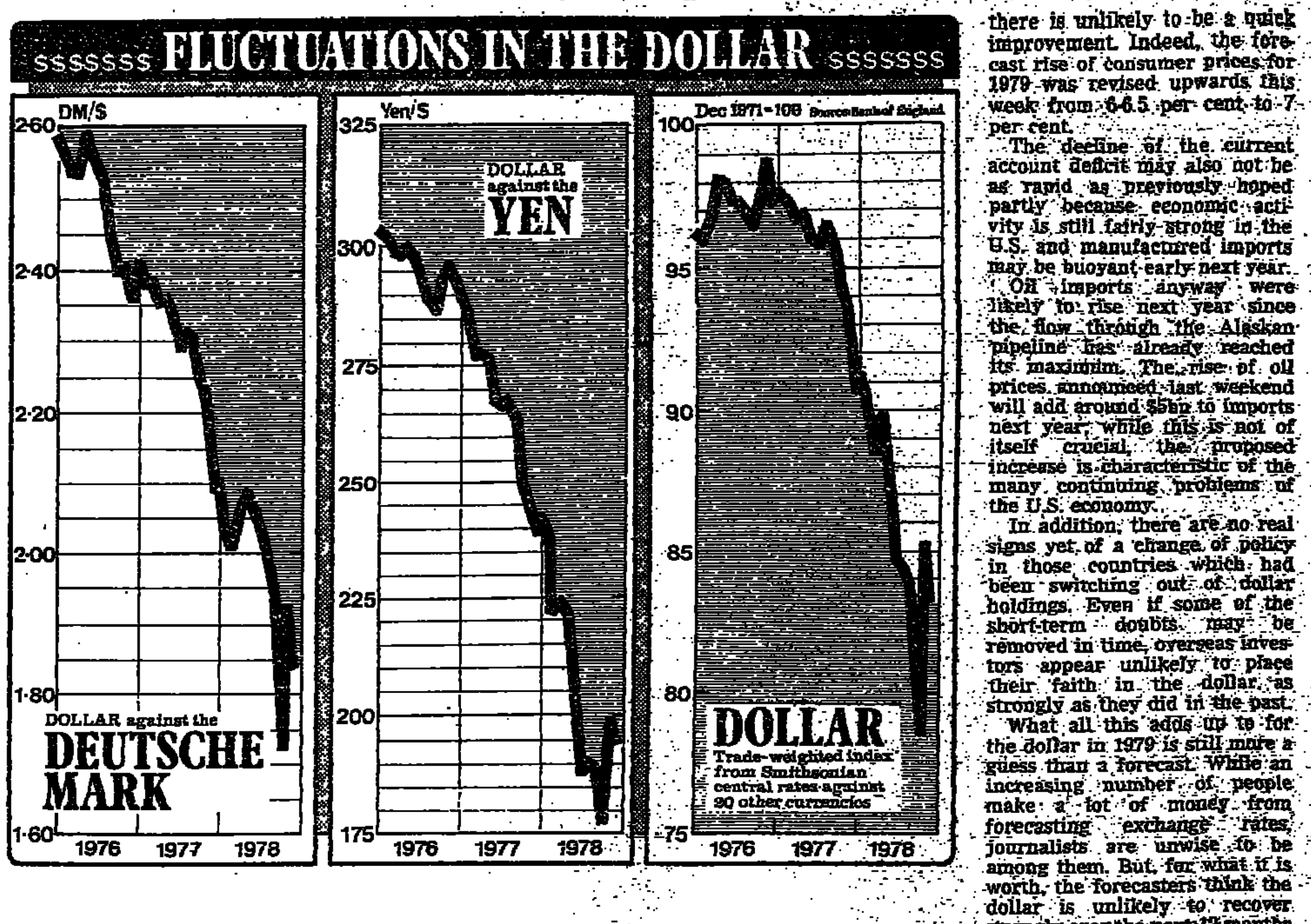
But the decision to switch investments also reflected a more immediate concern about the U.S. economy. In particular, the initial pressure in mid-1977 was prompted by the downturn from a U.S. current account surplus of $4.3bn in 1976 to a deficit of $15.3bn in 1977 and between $17bn and $18bn this year. In addition, there was concern both about the rate of expansion of the money supply and credit and about the prospect of accelerating inflation. The annual rate of increase of consumer prices accelerated from 5¾ per cent in 1976 to 7 per cent in 1978, compared with an average of 6¾ per cent for industrialised countries as a whole, and much less in Japan and Germany.

While the current account has improved during this year, the existence of a large cumulative deficit and the recent acceleration of the inflation rate explain a large part of the dollar's continuing decline. But as this morning's report from the Organisation for Economic Co-operation and Development points out, "none of these factors, alone, could reasonably have justified the position of the dollar at the end of October," when it had fallen by nearly a fifth in 12 months.

But "together they may provide a rough indication why—without external help—a further decline of the dollar may have been required to convince enough investors to move into dollar assets, thereby providing the necessary financing for the continuing current account deficit, some structural capital outflows (U.S. investment overseas), and possibly some diversification of official reserves from dollars into other currencies."

The importance of capital flows out of the U.S. is shown by new OECD estimates of official purchases of dollars to support the rate made by central banks of the major industrialised countries. They amounted to $47.5bn in 1977 and the first nine months of this year combined, compared with a total current account deficit for the period of $29.6bn. Moreover there was intervention of $6bn in October alone. These figures understate the scale of central bank activity, with gross market intervention of $85bn between February and the end of October. These totals highlight the point that no amount of intervention can mop up downward pressures and prevent a decline in the rate if the monetary flows are in the opposite direction.

These pressures appear to have been aggravated by the diversification of reserves by oil-producing states and other developing countries. In the first three months of this year there was a switch by OPEC countries of a little over $1bn out of dollar assets into those denominated in other currencies in Euromarkets, even though OPEC states added $1.4bn to their financial investment in the U.S. In the second quarter identified OPEC financial investment in the U.S. fell by $2¼bn—the first drop since the increase of oil prices in late 1973. However, in this period, the aggregate reserves of the OPEC countries dropped by $3½bn and the reduction of dollar investments may have largely reflected the reduction of their investible surplus, and the cash squeeze on some countries.



Non-oil developing countries increased their official holdings in the U.S. by less than $1bn in the first half of this year compared with a rise of some $6bn in their reserves, and there is a widespread belief that some of the smaller central banks may have reduced their dollar holdings since then.

In any event the selling pressure became so intense by late October and the lack of confidence so deep that the Carter administration was forced to announce a wide-ranging support package. This followed a series of what were seen as half-hearted measures, such as the activation of swap facilities with central banks and an increase in sales of gold.

But the package of November 1 was more comprehensive both in the extent of the financial support—about $30bn from central banks, from the International Monetary Fund, from the issue of foreign currency securities, and from sales of gold—and in the nature of the domestic measures. In particular, the market was reassured that the U.S. authorities appeared to be tackling a fundamental cause of the "dollar problem" by tightening monetary policy through a rise both of interest rates and of the banks' reserve requirements.

The hope was that this would finance a bridging operation until the current account improved substantially. The Carter Administration could point to widespread projections that the current account deficit would decline by about $10bn in 1979 to between $7bn and $8bn as exports benefited from the sharp improvement of the competitive position of the U.S. and from the expected faster growth in Europe.

The unstated hope was this would be sufficient to convince market sceptics that the dollar had, as all the politicians claimed, been undervalued. In many respects the success of the operation might be judged by the extent to which it was unnecessary to draw on the $30bn support facilities. For instance the turnround of confidence in sterling had been reflected in the drawing of only half of the IMF standby credit and none of the Basle safety-net to protect against sudden withdrawals of sterling balances.

But confidence has not yet returned in the dollar. After the initial sharp rally the market has tested the willingness of the U.S. authorities and foreign central banks to intervene both to maintain orderly markets and to prevent the dollar from weakening. This policy was reflected in the comment, after the rally, by Mr. William Miller, the chairman of the U.S. Federal Reserve Board, that the dollar was now in an appropriate zone. He said it would be premature for the dollar to become much stronger, while if the dollar became weaker that would be "inappropriate and unacceptable." Mr. Rimmer de Vries, a senior vice-president of Morgan Guaranty, estimated before this week's pressure that the major central banks had spent between $6bn and $10bn on intervention since the beginning of November.

Countries other than the U.S. have an interest in the stability of the dollar. Both West Germany and Japan are keen to avoid a further appreciation of their currencies—after rises of nearly a sixth and a fifth respectively in the past year. Both countries are worried about the impact of such changes on the competitive position of their exports. The volume of Japanese exports, for instance, is estimated to have fallen at an annual rate of 12½ per cent in the second half of this year. The snag is that intervention will boost the growth of the money supply in the country that does intervene and hence jeopardises its chances of containing inflation.

The demonstration by the central banks of the major countries of their willingness to intervene heavily was at first regarded as a welcome signal of a change of sentiment. But the intervention has now become a more negative influence and has been seen as a sign of the foreign exchange market's continuing nervousness.

The renewed pressure on the dollar in part reflects doubts about the rate of improvement of the U.S. economy. There have been doubts about the Carter administration's willingness to press home the battle against inflation in view of the risks of producing a recession with less than two years to go before a presidential election. The latest rise of interest rates gives some reassurance, though there is unlikely to be a quick improvement. Indeed, the forecast rise of consumer prices for 1979 was revised upwards this week from 6-6.5 per cent to 7 per cent.

The decline of the current account deficit may also not be as rapid as previously hoped partly because economic activity is still fairly strong in the U.S. and manufactured imports may be buoyant early next year.

Oil imports anyway were likely to rise next year since the flow through the Alaskan pipeline has already reached its maximum. The rise of oil prices announced last weekend will add around $5bn to imports next year, while this is not of itself crucial, the proposed increase is characteristic of the many continuing problems of the U.S. economy.

In addition, there are no real signs yet of a change of policy in those countries which had been switching out of dollar holdings. Even if some of the short-term doubts may be removed in time, overseas investors appear unlikely to place their faith in the dollar as strongly as they did in the past.

What all this adds up to for the dollar in 1979 is still more a guess than a forecast. While an increasing number of people make a lot of money from forecasting exchange rates, journalists are unwise to be among them. But, for what it is worth, the forecasters think the dollar is unlikely to recover strongly over the next 12 months with a range of forecasts of either slightly more or less than the current rate. The U.S. inflation rate is still, after all, likely to be higher than the international average, so a higher rate would not be justified on competitive grounds.

There are certainly plenty of potential difficulties apart from the U.S. economy itself—notably the political position in the middle East and Iran. All this could upset current calculations and the market is apprehensive about what further action the U.S. Administration might take—such as more direct controls over capital movements. There is, however, an expectation that higher interest rates will be needed to restrain monetary growth.

The future level of the dollar has key implications for the start of the EMS in 10 days' time. Dollar instability would put severe strains on the links between say the lira and the Deutsche Mark since most of the upward pressure would presumably be on the latter. Indeed one of the main reasons why West Germany was so keen on launching EMS was to provide what was, for Bonn, an acceptable way of creating a European currency bloc and a reserve asset to counterbalance the dollar. Several European leaders are keen to broaden out any zone of stability to include the Yen and the dollar. What the events of the last 18 months make clear is that this can only be achieved if economic and monetary conditions are right. Otherwise no amount of intervention will produce stability.

MEN AND MATTERS

Stepping down a slot

"A bull in a china shop" is how Alastair Hetherington used to admit he was described by critics after he took over as Controller of BBC Scotland. Accustomed to the powers of a Fleet Street editor to make snap decisions, he inevitably became frustrated at the slower-moving processes of Broadcasting House. But though he won sympathy for his attempts to speed up the processes he also quickly used up much of the good will which had greeted him, according to one senior broadcaster yesterday.

The row that led to his resignation was over finance and his offending the BBC's starched canons by briefing in advance his own lay broadcasting council.

Hetherington had also been battling with London over programmes. He alleged discrimination against those made north of the border but Bill Cotton, controller of BBC 1 TV, was said to be particularly incensed at this. He felt he had bent over backwards to be fair to Scotland despite, in many people's views, the quality of its output.

Such criticism from Auntie had apparently been felt in the news field too, with London threatening to put its own foreign correspondents in Glasgow, according to reports in Scotland. Worse still was the general slating of Radio Scotland's new approach—"From Radio 4 it has degenerated to a cross between Radio 1 and a Scottish Women's Rural Institute," one colleague says.

Such comments in part reflect the problems that Hetherington, now 59, had inherited on leaving the Guardian three years ago. That he has stood up for more autonomous Scottish broadcasting and worked to improve quality is generally accepted.

At a time of rising nationalism his own Scots credentials too have never been questioned. Now he is to take over as head of the tiny Radio Highland in Inverness. The previous head has just become senior Press officer for the BBC in Glasgow and by taking the post ex-Major Hetherington has apparently joined the ranks. But he will be able to make more programmes about his favourite pastime, mountain climbing. Those who like such programmes thought highly of his last film on this specialised subject.

"How far to the Right can it safely lean?"

Back hander

Ford of Cologne are proud to announce that they have "looted the cashbox" for journalists and instead given Transit buses to three West German charities. It is a step which Ford of Dagenham are unlikely to emulate. Firstly, the company tells me that it does not like to publicise its gifts to charities, in part because doing so "leads to such a wave of begging letters." And secondly because in the wake of "Lockheed and all that" the practice of giving gifts to journalists has "tended to die out." Colleagues would question whether in general it has completely perished but the National Union of Journalists tells me that it at least is delighted with the Germans' move. "Bloody marvellous. This giving of gifts can be pernicious. It is about time companies did something sensible with their cash."

Liquid Gold

There were some chuckles yesterday in that usually sombre office, The Royal Mint. "In 30 years here nothing of that sort has happened," I was told in tones of amazement by one of its employees. The something in question was the small confession by the U.S. Treasury's Assay Office in New York that it has mislaid some of the country's gold. It is not sure how much, but it is at least $1m worth. Nor is it sure when it happened, though maybe it was between 1973 and 1977, maybe before, maybe after.

All that is known for certain is that at least 5,200 ounces cannot be accounted for. It is of course a mere fraction of the 20,000 ounces that pass through the office each week. But it does amount to 200 bars of the stuff.

"The truth may never be known," says the Assay Office. To this the Royal Mint, adopting a more serious tone, started talking to me of "natural losses in refining." But when I told them of the last time the U.S. lost track of its gold—in 1955 when a charitable employee of the Denver Mint was asked to retire after giving 1,800 ounces to needy recipients—a chortle followed and the comment: "It is rather difficult to contemplate HM Treasury giving to a carity, however worthy."

Economy lesson

Ritt Bjerregaard, a cool 37-year-old brunette, is frequently tipped to become Denmark's first female Prime Minister. She is, in a sense, following the Thatcher mould and is already Minister of Education—or was, no one was quite clear in Copenhagen last night. For now both her present post and her future aspirations have received something of a blow.

Her problems result from a £5,700 bill she ran up while on a 13-day trip to Paris for a UNESCO conference in October. She took a suite at the Ritz (£2,600), hired a limousine (£1,700), gave a lunch party costing £230 and a dinner party which set the Danish taxpayer back £1,030. Paris, everybody, knows, is gay, but the opposition was not impressed at it being so expensive as well.

With Anker Joergensen's government already facing Callaghan-style problems with the Danish TUC, the last thing the pugnacious ex-unskilled worker wants is a vote of censure on such conspicuous consumption. So yesterday he told his high-flying colleague that she could either pay £2 000 towards the bill or consider herself dismissed.

The figure was calculated as the difference between the actual cost and what a reasonable cost would have been. But last night the Minister of Education was refusing the suggestion that she had been sent to stand in the corner. Asking why she should pay for a normal off trip, she protested: "As I have not been dismissed I consider I am still Minister."

Frank and Dank

My thanks to the refuse collection department of the London Borough of Waltham Forest for the undoubted saying of the week: "If collections are running normally, dustbins and sacks will be cleared up to four days late from Tuesday, 2nd January, 1979."

Observer

ASSOCIATED BISCUITS AND SMITHS FOOD

BY RICHARD LAMBERT, Financial Editor

ABM joins the crisps and nuts battle

"IT WOULD have been lovely if this had happened in a year's time," says Dr. Keith Bright, Associated Biscuit Manufacturers' chief executive. "But if you don't grasp opportunities when they come, you lose out."

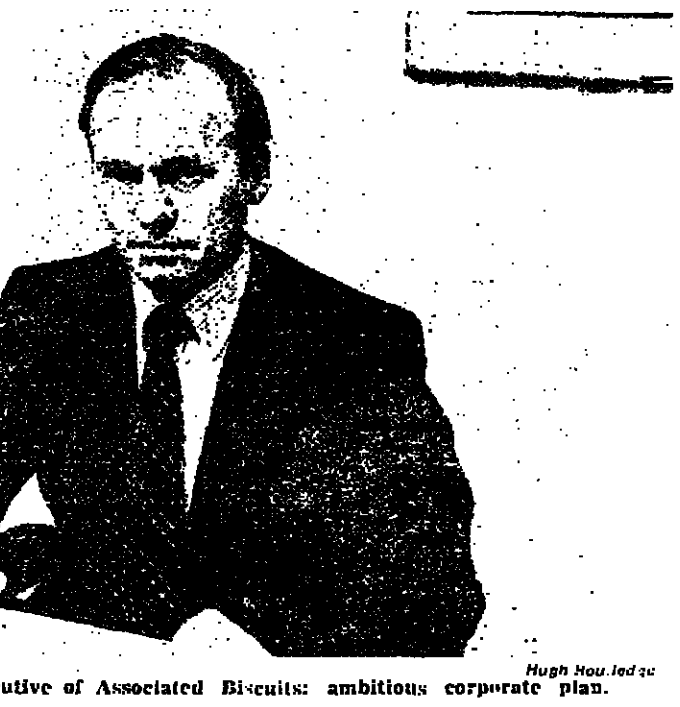
"This" is the highly ambitious takeover agreement announced last week, whereby Associated Biscuit Manufacturers (ABM) will buy the Smiths Food Group from its present owner, General Mills Inc., of the U.S. for £18.4m. Subject to its shareholders' approval, the deal will increase ABM's food sales in the UK by 50 per cent at a stroke.

The bid follows 18 months of hectic activity at ABM since Dr. Bright joined the group in July, 1977. He arrived at a time when the group's position in the market place was visibly declining.

ABM's fortunes were heavily dependent on a narrow sector of the dull British biscuit market, with just two brands — Jacobs Club and Jacobs Cream Crackers — accounting for more than one-third of its UK biscuit sales. These brands were under attack in an increasingly competitive marketing environment — and ABM had failed to fight back effectively.

For some years, short-term profitability seems to have had priority over long-term brand development. The group had responded to pressure on its profit margins by cutting back promotional spending as a proportion of its sales, and by pushing up its prices in advance of its (stronger) competitors. With market share declining, profits growth ran out of momentum in 1975-76.

Dr. Bright, who joined ABM from the Far Eastern conglomerate, Sime Darby, drew up an ambitious corporate plan in three months flat. His first move was to call on the headhunters, who have duly obliged with a whole stream of new appointments across ABM's entire



Hugh Hou.ledge

Dr. Keith Bright: chief executive of Associated Biscuits: ambitious corporate plan.

operations. The biscuit division has a new managing director, sales director and marketing director; the speciality chocolate company has a new operations director and a new sales director; and several of the overseas subsidiaries also have new sales or marketing heads.

The next priority was to stop —and reverse—the decline in UK market share. The advertising budget this year is up by 50 per cent, and is running at about 3½ to 4 per cent of sales. This, claims Dr. Bright, is about average for the industry, and the proportion is set to rise further next year when ABM plans to launch a string of new products.

At the same time, the group started a cost-cutting campaign aimed at shaving an annual £5m off corporate overheads. The sales force was redirected and reduced in numbers, and some 10,000 small accounts were closed. And the UK biscuit division has 750 fewer employees than it did a year ago. So far, Dr. Bright says, the savings add up to about £3m a year.

In addition, ABM has expanded its business on the Continent and in North America via a series of small acquisitions. So far this year, it has brought high class confectionery companies in France and West Germany, a biscuit manufacturer in Chicago, and what is said to be Germany's leading marshmallow maker. In Britain, chocolate confectioner Bendicks (Mayfair) joined the fold in November.

It is much too soon to say whether this burst of activity is going to produce results, or headaches. Over the very short term, market share has been bought back at the expense of profits. ABM's slice of the UK biscuit market is now put at 18 per cent, compared with maybe 16 per cent earlier this year and as much as 22 per cent six or seven years ago. Profits for the year ending this month are expected to fall from £9.2m to £8.8m before tax (partly thanks to a reduced shareholding in its Indian associate) but there are signs that next year's outcome could be noticeably better.

However, Smiths Food is much the biggest test for the new management at ABM. There are several reasons for the acquisition. With an extra £70m or so of sales, it will give the enlarged group a much greater clout in the market place. The two businesses are broadly complementary — long life convenience foods often with a cereal-type base — and there are some successful precedents. United Biscuits, the UK's biggest biscuit manufacturer, has been broadening its product base for years, and KP Nuts was one of its most successful acquisitions.

ABM already has a small position in the snack food business, which accounts for around 30 per cent of Smith's sales, with successful products like Twiglets and Cheeselets. Nuts make up about a fifth of Smiths' sales, and crisps take up the rest.

The hope is that the takeover will lead to more efficient distribution and marketing systems. ABM's strength in the past has been in selling to the grocery trade, whereas Smiths has much stronger links with licensed trade outlets. Bringing the two together will, according to Dr. Bright, bring scope for increased penetration in both types of outlet.

Smiths has a poor profits record, and actually made a loss of £261,000 in the year to last April. But this may at least partly be to do with the way that it has been managed since General Mills took full control in 1967. The purchase came at a time when the U.S. group was bent on expanding its snack food business around the world, but in the words of a company spokesman, "The emphasis of our business has changed. We have not expanded as aggressively as anticipated into snack foods."

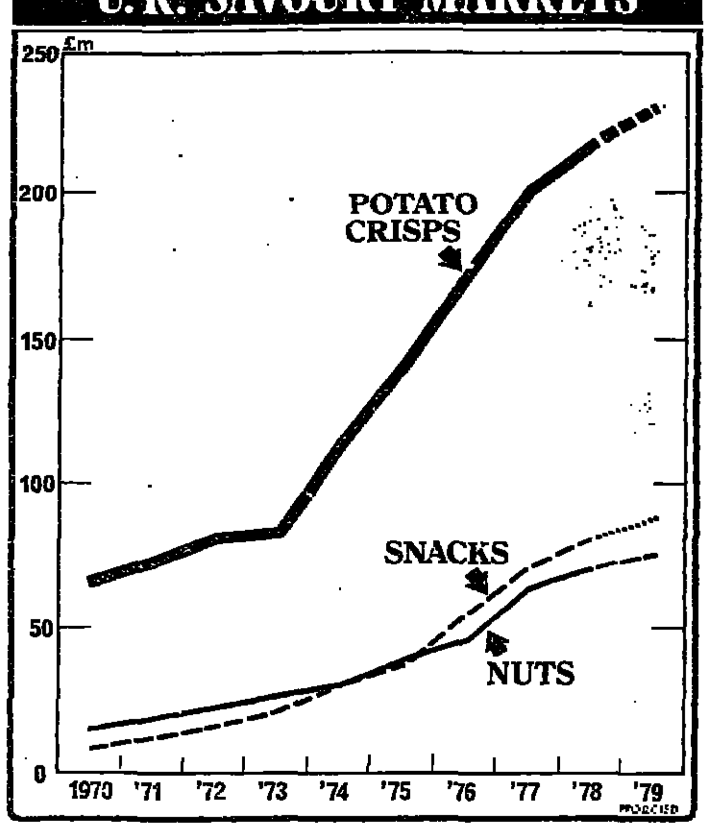
In the view of one British food manufacturer, General Mills' horizons these days are the Rockies on one side and the Appalachians on the other. Certainly Smiths has lost out badly to Golden Wonder, a business which was largely confined to Scotland when the Imperial Group acquired control in the early 1960s. Since then, it has carved itself out the number one slot in UK crisps—a business worth an estimated £230m a year at retail prices—with just over 30 per cent of the market. Smiths, which dominated the scene at one stage, is down to 26 per cent.

Golden Wonder has come up with innovations, like film wrapping, and has led the way out of the pubs into the supermarket chains. It has also been consistently more profitable, making something over £3m a year. Its market share fell slightly a couple of years ago but now seems to have stabilised at around one-third.

Smith has had half a dozen different managing directors during its stay in the General Mills camp. However, the business does seem to have been pulled together in the last year or two — reorganisation costs were one of the reasons for last year's losses — and it expects to make £2.2m pre-tax in the current financial year. ABM believes that it ought to be capable of making a pre-tax margin of over 5 per cent on sales, and because of the way the takeover has been structured its profits will be free of tax for some years to come.

In some ways, the challenge posed by Smiths is similar to that at ABM itself. Both are long established businesses with well known names, which have been suffering in recent years from shortcomings in product development and marketing. And both companies are faced with very strong competitors. United Biscuits and Associated British Foods provide formidable competition on the traditional biscuit side; and although Smiths is said to be number one in the overall market for crisps, nuts and snacks — with a share of 26 per cent — Golden Wonder and KP are both bigger in their particular sectors.

Dr. Bright believes that stability has returned to the crisp market and that the days of the price war — when Golden Wonder was making its way in — are over. But it still seems to be a tough market place, and the trade admits to a good deal of what is euphemistically described as "bonusing" during the last year or so.



Demand for the product can vary enormously according to the price of potatoes, and the great weakness seems to be the lack of a strong brand following. In spite of all the fancy flavours that are available these days, crisps seem to rank simply as a commodity in the consumers' eyes, and there is not enough about them to attract either a strong brand image or even an individual character.

In the words of Miss Daisy Hyams, Tesco's Wholesale's redoubtable managing director, "Crisps are crisps. And if Associated Biscuits is not willing to trade as flexibly as the competition, it will lose our business."

That would be bad news for Smiths, for its sales to Tesco are roughly as big as Golden Wonder's in spite of its apparent emphasis on sales to the licensed trade. ABM's new management all had established reputations before they joined the group: they are certainly setting themselves an ambitious course.

Letters to the Editor

Protective agencies

From Professor D. Johnson

Sir,—Currently I am examining the reasons for and implications of the paradox of why many Western intellectuals argue for government regulation in the market for privately produced goods and services, but vigorously support laissez-faire in the market for ideas—the free exercise of religious beliefs, speech and writing. Putting it another way, why is it that the Government is assumed competent to regulate, say, cornflakes but not editorials, and why consumers are assumed to need protection in one field but not another?

In the course of working on the above, and contemplating the human condition, I realised that technological changes have brought different religions into increasing contact with people (economies of scale), with the result that the United States has become a sort of religious "hothouse" for incubating (producing) new varieties of spiritual life. And that this market has been segmented by various religious groups (again producers) supplying an array of offerings (consumer services) that appeal mostly to young followers under the age of 30.

What role should the various consumer protective agencies have in validating the untested assertions of self-styled religious authorities in their claims to give meaning to the lives of their spiritually hungry demanders? Since economists usually argue for some type of government intervention when the market for goods generates neighbourhood or spillover effects—e.g., air and water pollution—what therefore should be government policy towards those who propagate (produce) ideas that do the same? Since it can be shown that the distinction between the market for goods and the market for ideas is not valid, the adoption of a consistent view for government policy in the two markets raises some interesting dilemmas for supporters of government regulation.

Dudley W. Johnson
(Professor of Business Economics, University of Washington, and Sir John Cass Senior Research Fellow, 1978-79),
City of London Polytechnic,
Department of Economics and Banking School of Business Studies.
84, Moorgate, EC2.

Unstructured world

From Mrs. M. Lord

Sir,—Soon the four leaders of the Western world: President Carter, Chancellor Schmidt, Prime Minister Callaghan and President d'Estaing, are to meet in Guadeloupe for an informal discussion of "the state of the world" at the end of 1978. In Washington, officials described the meeting as "an unstructured conference." What a fortuitously significant phrase —"an unstructured conference"!

The world is in the uncivilised, warring state it is in at the end of 1978, precisely and categorically because the "world" is "unstructured." When nations have conflicts, they "slug it out" in increasingly more suicidal wars instead of, if the world were "structured," referring their conflicts to a central world legal authority whose decisions would be legally binding on them.

(Mrs.) Mia Lord.
11 Eveline Court,
Connaught Gardens, N10.

Telephone refunds

From Mr. D. Neal

Sir,—Over the last two years I have been promised some 100 refunds by telephone operators for my losses through malfunctioning call-boxes. The sum involved is about £3. Not one penny of this has been refunded. Reminders to telephone managers at Dial House and Chenies Street have not been answered.

The P.O. Director of Public Relations says in your columns (December 12) "It is our policy to give a credit without question. This applies to wrong numbers or where the caller has misdialled."

Perhaps he can say when this policy takes effect.

D. Neal,
9 Compayne Gardens, NW6.

Christmas stamps

From Major E. Anderson

Sir,—I congratulate the Post Office on the pleasant designs of the 1978 Christmas stamps, but they pose a problem. Without careful inspection it is impossible to differentiate between the 7p and 9p stamps. How do Post Office sorters cope with this?

There are still many commemorative stamps which may be used. How can sorters recognise at a glance which of these deserve first-class treatment.

Should not one dominant colour be used for each on long issue?

Major E. W. S. Anderson,
Orchard Cottage, Fownhope,
Hereford.

Assessing qualities

From Professor L. Rosenhead

Sir,—The well-presented pungent comments of Michael Dixon (November 30) in his article on University qualifications merit some additional comments and a few questions.

Mr. Dixon brings clearly into public view the fact, which is rediscovered from time to time, that the academic staffs of various Universities in Great Britain have no uniform attitudes towards the academic significance of an "honours degree." In addition, if it were possible to quantify this significance, I doubt whether uniformity would be found even within any one University.

Would this kind of uniformity, if it existed, be of any help to those who recruit for commerce, industry and public service? Is it not desirable, when dealing with human material (all of which is of "reasonably good quality" and at a very sensitive period of its life's pattern) to welcome diversity of attitude on the part of its assessors, rather than uniformity?

What individual criteria, or grouped criteria, applied at "academic graduation time," are good indicators of the future "success" of these graduates, after a sufficient amount of time has been allowed to elapse to enable them to become established in their jobs?

What prognostic value is attached to general personal acceptibility, mental toughness, physical toughness, pertinacity, ability to think quickly and cope with new situations, speed of recall, ability to formulate and communicate ideas, thoughts and views, ability to work as a member of a team, ability to work alone and ambition to succeed? How are these qualities assessed?

Louis Rosenhead.
30, Whealcroft Road,
Liverpool.

An appropriate trade union

From the Assistant General Secretary, Association of Scientific and Managerial Staffs

Sir,—I read with considerable pleasure the news item of December 19 which reported that the president of the Institution of Chemical Engineers had recommended all his members to join an appropriate trade union.

This advice, of course, stems from a growing realisation that such staffs must join a trade union if they are adequately to safeguard their standard of living and to take part in the key decisions which will influence the shape of industry in the coming period of rapid technological change.

I was saddened, however, to read that the advice to his members in the chemical and process industries to join tiny organisations without recognition or influence, yet again revealed a lack of understanding of the established industrial relations throughout private industry. Far from assisting his members in coming to terms with the new realities, the advice given could well be a recipe for further aggravation and difficulties.

An introduction to the opportunities of trade unionism by joining an inappropriate trade union could be the worst possible experience for those genuinely concerned with the problems and needs of their colleagues and themselves and the all-important requirements of British industry.

J. S. Davison.
10-26A, Jamestown Road, NW1.

The concept of added value

From Mr. G. Smith

Sir,—It is a great pity that the concept of added value is being written about as a management fashion since it is linked to the fundamental economic activity of any society.

Customers buy goods and services by the piece and these are created by changing the form or location of materials or services. It is this process of change which adds value to materials and which requires the skill, time and energy of people which can be multiplied by the use of tools, equipment and money.

Until this fundamental equation is understood, it is useless to try and present a series of figures which are just substractions or additions of a series of accountancy figures. This particularly applies to depreciation which is an accountant's judgment of the amount of assets which have been consumed in adding value. It would be better if the added value approach were to be linked to the cash flow principles and to the balance sheet aspects of a business in this way the whole financial link between money flow, money used and sources of money were shown rather than produce an unrelated additional financial statement.

If depreciation is treated as using up assets then it should be related to the amount of their use, i.e., shift working and not as a fixed amount per year and in any case with rapid technological development a machine with an estimated ten-year life could be obsolete in four years.

Fortunately work is being done to resolve these problems in a practical way and dealing with the behavioural realities which have to be faced when added value is used in the business performance and pay negotiating areas rather than in the accountancy reporting systems.

It is to be hoped that the accountancy bodies look at the practical uses of added value statements as distinct from the accountancy uses when trying to find a solution which David Fanning (December 13) is looking for.

G. Smith.
Halford House,
Copse Hill Road,
Lower Slaughter,
Nr. Cheltenham Glos.

Market forces

From Mr. P. Frost

Sir,—I like your main editorial of December 15 and would sum it all up as a "return to market forces and the obvious disciplines this brings." Precisely what the Opposition and many thinking people have advocated for some considerable time.

I would, however, take issue with your implied notion in paragraph eight that people working for government bodies cannot be sacked. This is the very portion of our working population that needs to be reduced, and reduced drastically, especially on the administrative side.

After all, why should the rest of the population sit back and see our very rich North Sea oil bonus being squandered on a continuing proliferation of unnecessary government agencies?

One factor that would help immensely in getting the economy moving again would be if government would make our membership of the EEC worthwhile instead of the constant dithering. After six years of membership I don't know of anyone who now expects that any of the promised benefits made at the time we joined will actually accrue, so the Government does not need to be concerned with letting people down because this has already taken place.

I would also suggest a sharp reduction in taxation levels and a drastic cutback in government borrowing together with a definite commitment to the European monetary system.

P. T. Frost.
11, Mossfield Close, Lexden,
Colchester, Essex.

Today's Events

GENERAL

Mr. Cyrus Vance, U.S. Secretary of State, concludes two days of talks with Mr. Andrei Gromyko, USSR Foreign Minister, on the Strategic Arms Limitation Treaty (SALT) Mk. II.

Mr. Carlos Rafael Rodriguez, Cuba's deputy president, ends three days of talks in Lisbon on Portuguese Africa.

Rhodesia's new constitution due to be published.

OFFICIAL STATISTICS

Department of Transport publishes new vehicle registrations for November.

COMPANY RESULTS

Final dividends: Bluemel Bros. Interim dividends: Continuous Stationery.

COMPANY MEETINGS

Burton Transport, Chamber of Commerce, 395 Mansfield Road, Nottingham, 11.

LUNCHTIME MUSIC, London

Organ recital at St. Paul's Cathedral — Christopher Dearnley, 12.30 pm.

Organ recital at St. Stephen Walbrook—John Wright, 12.30 pm.

Unigate's expansion to £15m in 24 weeks

INCLUDING results from Carding Group and Cardenia Cheese Company Inc., for the period, taxable profits of Unigate surged from £9.5m to £15.1m for the 24 weeks ended September 9, 1978 on turnover well ahead from £425m to £500m.

The directors state that although the achievement in the first half is satisfactory, it would be unrealistic to expect this rate of progress to be maintained in the second period in the light of intense competition and political and economic uncertainties.

Profits for the whole 1977/78 year were a record £31.46m on turnover of £973.8m.

For the first half the trading profit of £18m (£12.3m) was split to activity as to: milk and milk products £12.9m (£8.4m), meat and meat products £3m (£2.4m), and transport, garages and other activities £2.1m (£1.5m).

The directors report that while the results from some sections of the dairy business are encouraging, overall the return is less than that needed to meet the requirements of a developing business.

The improvement in the performance in the meat and meat products division is satisfactory, they add, despite the difficulties experienced in the industry.

Transport, garage and engineering activities performed well and continued to make progress and the group's overseas activities made an important contribution: and future prospects are encouraging, they say.

Earnings per 25p share are given as 5.96p compared with 3.74p and the interim dividend payout is raised from 1.33p to 1.5p net—last year's final was 2.105p.

	24 weeks 1978 £000	1977 £000
Turnover	500,000	435,000
Interest	30,000	3,000
Associated companies	100	200
Profits before tax	15,000	9,500
Tax	3,100	1,900
Attributable	11,900	7,400

See Lex

Norton & Wright upsurge

WITH TURNOVER well ahead at £2.82m against £1.56m, pre-tax profits of Norton & Wright Group jumped from £316,671 to £740,352 for the half year to September 30, 1978. In the last full year, taxable surplus reached a peak £941,000.

After tax of £385,000 compared with £165,000, first-half net profits increased from £151,671 to £355,352.

From stated earnings of 6.33p (adjusted 2.7p), the interim dividend is effectively lifted from 0.6555p to 0.7319p net—last year's payments totalled an equivalent 2.11475p.

The company, which has "close" status, is involved in the production and distribution of lottery tickets, fund raising cards and schemes.

A. Cohen slumps halfway

PRE-TAX profits of A. Cohen and Co., metal refiner and non-ferrous alloy manufacturer, slumped from £1.1m to £620,000 for the half-year to June 30, 1978, but the directors say that taxable profits for the full year *will not be less than the £1.87m for 1977.* They add, however, that net profits will be lower.

Turnover for the first half was down from £21.89m to £20.44m and profits were subject to tax of £345,000 against £428,000 and minorities £155,000 (£213,000). Earnings have fallen from 24.63p to 6.53p per 20p share.

The interim dividend is increased to 2.15p net, compared with last year's 1.925p—the final for 1977 was 3.5052p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Batleys ....int.	1.43	Feb. 22	1	—	3.64
Brit. Benzol ....int.	0.5	Jan. 26	Nil	—	0.6
Charterhse Grp. 2nd int.	2.24	Feb. 23	2.18	—§	3.36
Charter Trust	1.7	Mar. 9	1.45	2.45	2.15
A. Cotten ....int.	2.15	—	1.93	—	5.43
Donanakande ....int.	0.55¶	Feb. 2	0.33	—	1.45
Forminster ....int.	1.54	Feb. 23	1.38*	—	2.79*
Homfray	1.81	April 3	1.81	3.13	3.13
Lindustries ....int.	3.3	April 2	3	—	9
Norton and Wright int.	0.73	—	0.66*	—	2.11*
R. Paterson ....int.	1.04	Feb. 10	1.04	—	2.55
Trustees Corpn. ....*int.*	1.8‡	Feb. 6	1.5	—	4.85
Unigate ....int.	1.5	April 2	1.33	—	3.44
Wearwell ....int.	0.3†	April 2	Nil	—	Nil

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ As forecast and to reduce disparity. § 3.6905p to date in 15 months period. ¶ To reduce disparity and includes 0.017p for tax adjustment.

Homfray fall slows in second half

ON SALES ahead from £37.9m to £40m Homfray and Co., carpet manufacturer, turned in pre-tax profits down from £1.72m to £1.05m in the year to September 30, 1978. At the halfway stage pre-tax profits fell from £1.2m to £643,000.

The Board says UK results for the first two months of the current year indicate some improvement, but trading conditions remain difficult in Australia.

Trading profits for the year, from the European carpet side, including the UK, fell from £720,000 to £474,000, and profits from the Australian carpet operations slumped from £1.12m to £605,000. UK textiles reduced losses from £116,000 to £33,000.

Interest charges were up from £449,000 to £472,000 and depreciation rose from £1.19m to £1.24m. Tax was £521,000 (£890,000).

Under extraordinary items exchanges losses, mainly Australian, were well down from £921,000 to £395,000 but other items, mainly terminal losses, rose from £46,000 to £221,000.

The final dividend is maintained at 1.8125p per 25p share, making a total of 3.125p (same). Earnings per share are shown as 3.4p (5.4p).

● comment

Homfray is a little unlucky in the timing of its financial year. Industry statistics suggest there was an upswing in carpet buying during the second quarter of this year and it is likely that this has continued into the autumn and winter. *With a September balance sheet date the company has* about six months of the upswing and it has been able to report higher sales. But the increase in both volume and value has not been turned into a profit increase as overcapacity, particularly in woven carpets, has squeezed margins. As well, Homfray has found the going very tough in Australia where both sales and profits have slumped. Europe, especially Germany and Scandinavia, were also very quiet. Unfortunately the outlook for the industry over the next few months is not particularly bright so while profits may have reached their nadir, the climb back to reasonable returns on capital employed could take some time. Homfray's fortunes are likely to mirror those of the industry. The shares closed 1p down at 40p giving a p/e of 11.2 and a yield of 12.2 per cent.

Batleys up at halftime

INCREASED pre-tax profits of £270,387, against £252,161, were announced by Batleys of Yorkshire, the cash and carry wholesaler, for the half year to October 28, 1978. Turnover expanded from £24m to £28.35m.

For the whole of last year the group made a record pre-tax profit of £536,000 and paid dividends totalling 3.643p net, against 3.2618p. This time the *interim dividend is raised from* 1p to 1.43p net. Stated earnings per 10p share are down from 8.67p to 6.09p.

The tax charge of £25,344 (£11,901) is based on SSAP 15 and does not include a provision for deferred tax. The comparable figure has been adjusted. Net profit comes out at £245,043 (£240,260).

Lindustries chairman looking for better year's figures

ON TURNOVER up 12 per cent from £45.75m to £51.09m taxable *profits of Lindustries went ahead* from £3.67m to £3.82m for the 28 weeks ended October 14, 1978.

Mr. W. E. Luke, the chairman, says he expects the results for *the full year to show an increase* for the previous year, profits were £6.83m, just off the record *£7.02m for 1975-76.*

Earnings are shown as 13p *(12.58p) per 25p share* and the interim dividend is increased from 3p to 3.3p net — last year's final payment was 6p.

	28 wks 1978 £000	1977 £000
Turnover	51,087	45,747
Engineering	21,763	17,890
Polymer	9,847	8,804
Textile	10,785	10,877
Overseas	8,692	8,176
Profit	3,918	3,741
Engineering	1,497	1,186
Polymer	679	497
Textile	635	1,155
Overseas	1,107	903
Inv. income, int. rec.	161	48
Interest payable	275	181
Sh. profits of assocs.	20	62
Profit before tax	3,824	3,670
†Tax	1,205	1,165
Net profit	2,619	2,505
To minority interests	165	144
Attributable	2,454	2,361

† Includes a provision for deferred tax to the extent that, in the opinion of the directors, it may become payable in the foreseeable future. Comparative figures have been adjusted accordingly.

Results of the engineering companies were satisfactory in that sales and profits for the *period both increased.*

Companies engaged in the automotive, general engineering and machine tool industries did well but the manufacture of equipment for the areospace industry continues to be unprofitable.

Phasing of customer contracts adversely affected the trading of companies manufacturing equipment for the brewing, textile machinery and mining industries but this situation is improving and it is expected that results of these companies will be better for the full year.

The group's polymer based companies also showed an increase in sales and profits. Losses made in the past by the *largest industrial rubber company* have been stopped and its trading is improving, but sizeable reorganisation costs, now being incurred, will at best *restrict profits for some time.*

Mr. Luke says the textile companies have faced strong pressure on margins resulting in a marked reduction in their profits.

● comment

The Ford strike and tight textile margins cost Lindustries heavily, in terms of potential profits fore*gone, during the first half.* And the two factors are likely to restrict second half profit growth as well. Although a diversified conglomerate in the product sense, about 30 per cent of its sales are to the UK automotive trade and the bulk of those sales are to Ford. But the period was not without its bright spots. Engineering sales and profits are well ahead of last year due to improved market share, particularly of car heaters. The St. Albans wet suit subsidiary's sales and profits jumped by more than *30 per cent giving the polymer* division a significant boost and the overseas division was buoyant. The contraction in the industrial thread, twine and *braid market continued and is* now around 15 per cent below real levels 18 months ago. As a result Lindustries' interim textile sales are marginally down and profits are 45 per cent lower. There are signs of a slight upturn but it will not be of much help in the short term. Overall group profits for the year will be ahead of last year—perhaps £7m—so the shares, at 137p, stand on a prospective p/e of 5.3 (assuming last year's tax rate) and yield 11.1 per cent.

Wearwell pays 0.3p interim

ANNOUNCING A sharp improvement in half-year results, Wearwell, the clothing group, is returning to the dividend list after two-and-a-half years absence with an interim payment of 0.3p net.

Turnover for the six months to November 30, 1978 almost doubled from £2.16m to £4.03m, *while pre-tax profits jumped* from £111,000 to £308,000.

Pre-tax earnings per 5p share are shown higher at 1.99p (0.91p), and at 0.98p (0.43p) *after tax.*

Tax charge takes £160,000 (£58,000) and after the interim payment costing £46,000, retained profits emerged at £102,000 against £53,000.

The directors say the first six months' trading has seen a continuation of the buoyant conditions mentioned in last August's chairman's annual statement, and full order books indicate that this buoyancy will continue.

In his annual review, Mr. A. Nadir, the chairman, said that the current year outlook was one of continuing buoyancy in *exports and a more gently rising* volume of sales to the home market.

However, the board wanted to see a return to the liquidity and profit levels of 1975 before committing themselves to recommending a dividend.

In the 1974-75 full year, pre-tax profits reached a record £1m—last year, £0.33m was reported.

Bishopsgate Property

If good prices are not obtained on the realisation of most of the remaining assets of Bishopsgate Property and General Investments prior to September 30, 1979, the group will face insolvency, the directors tell shareholders.

The ability to repay the balance of borrowings and to discharge other liabilities is dependent on *these good prices being obtained.*

It is the directors view however that shareholders' interests are best served by continuing to achieve the necessary favourable realisations in the hope that insolvency can be avoided.

Meanwhile the group reports a net deficiency before tax of £113,000 for the six months to June 30 this year against a surplus of £22,000 in the same period last year.

R. Paterson slumps

PRE-TAX profits of R. Paterson and Sons slumped from £584,000 to £182,000 in the six months to the end of September on turnover also down at £6.99m, against £7.97m.

But the directors say current trends indicate a better second *half, so they are reasonably confident* the full year's results will be satisfactory although they will not reach last year's record £1.02m (£458,000).

Tax comes down from £325,000 to £95,000.

The interim dividend is maintained at 1.0375p net per 25p share—last year's final was 1.51p. Stated earnings per share are down from 3.72p to 1.25p.

Cullens hit by stock losses and shortage

INCREASED stock losses in its branches and a stock shortage at its Battersea wine and spirit depot, has adversely affected profits at Cullens Stores for the 26 weeks to August 31, 1978. The directors report a fall from *£116,217 to £70,477* at the pre-tax level on turnover ahead from £7.11m to £7.64m.

They state that it is unlikely that profits for the full year will equal the £251,399 for 1977-78 but they are confident that the downward trend, "can, and will be, reversed."

	26 weeks 1978 £	1977 £
Turnover	7,641,913	7,110,541
Trading profit	47,655	95,999
Rents receivable	54,872	49,410
Interest	32,050	29,192
Profit before tax	70,477	116,217
Surplus on props. disposal	5,299	12,362
Making	75,776	128,579

The stock shortage is currently being investigated. The losses in the branches are to some extent due to the swing towards the sale of fresh and perishable foods, resulting in a higher proportion of wastage than in the past and requiring a bigger *profit margin and more skilled* management.

The directors have taken steps to remedy the position. It should be noted that but for these unexplained losses the profits would have equalled, if not exceeded, last year's figures, they add.

As already announced, the interim dividend is up slightly from 0.66p to 0.67p net per 20p share—last year's total was 4.32p.

Charter Trust higher

ATTRIBUTABLE NET earnings at Charter Trust and Agency were lifted from £849,955 to £1,009,918 — equivalent to 2.53p, compared with 2.22p, per 25p share—*for the year to November* 30, 1978. Including investment income at £1.88m, against £1.6m, total income was £0.37m higher at *£2.02m.*

Attributable net assets at year end stood at £29.75m (£27.44m), *equal to 7.4p (71.8p) per share* including full investment dollar premium and after deducting prior charges at par. A net final dividend of 1.7p raises the total *to 2.45p (2.15p) which costs* £979,444 (£822,054).

Expenses for the year took £336,594 (£241,719) and the tax charge was up from £531,272 to £640,774. *Preference payment* again amounted to £30,800.

Charterhouse rises 44% to £9.81m so far

IN THE current extended 15 months accounting period, pre-tax profits of Charterhouse Group, excluding its banking side, expanded 44 per cent from £6.81m to £9.81m for the 12 months to September 30, 1978.

When reporting first-half profits of £3.6m the directors said 1978 should show a significant increase in profit.

To produce a more even half-yearly split of group profit, the company is changing its year-end to coincide with the calendar year.

The profit of the bank, Charterhouse Japhet, is no longer grossed up at the standard rate of UK tax, but is shown after tax and transfer to inner reserve, at £831,000 (£815,000).

This method is in line with the bank's own published accounts and will be followed in the group's aannual accounts for 1978, the directors explain.

The pre-tax result was struck *after interest of £5.47m (£5.17m).* Tax charge takes £3.24m (£2.13m) and after minorities, attributable profits rose 32 per cent to £6.8m.

Results were after making a first time provision of £300,000 for depreciation of freehold and long leasehold properties in accordance with SSAP 12.

The directors say Newage Engineers performed outstandingly well, and Spring Grove and Napcolour increased profits. But Charcon, although benefiting from the sale of a major loss-making activity, continued to experience problems in another subsidiary. Glanvill Enthoven produced lower profits.

The first profits contribution from Charterhouse Petroleum Development arose in the six months to September 30, 1978. However, since that date there have been production delays and last quarter results from Thistle will be below earlier expectations.

A second interim dividend of 2.2405p (2.175p final) net, makes the total to date 3.6905p, compared with 3.355p in the previous 12 months, absorbing £3.55m (£3.07m).

The directors will recommend a final dividend in April, 1979, at the same time as the announcement of the group's results for the 15 months to December 31, 1978.

To comply with the requirements of the Companies Acts, the group must hold its annual meeting by May 23, 1979 and it has therefore been scheduled for January 25, 1979, at 1, Paternoster Row, EC4, at 10 a.m.

However, as audited accounts for the 15 months period will not be available, the chairman, with the consent of members present, will adjourn the meeting and re-convene it on June 28, 1979.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Continuous Stationery, Sobranie.

Final: Bluemel Brothers.

FUTURE DATES

Finals:

Allied Textile	Jan. 25
Birmingham Pallet	Jan. 4
Investors Capital Trust	Jan. 9
Kershaw (A.)	Jan. 24
Rank Organisation	Jan. 24

Trafalgar House expects large newspaper profits

NO MORE major acquisitions are planned at the moment by Trafalgar House but the directors will continue to buy small companies as the opportunity arises, Mr. Nigel Broackes, the chairman, comments.

The most recent key purchase, Morgan-Grampian bought in January, is already making appreciably more money than at the time of acquisition. With this and Express Newspapers, formerly Beaverbrook, now back in profit he is confident that the new newspaper and magazine division will soon be a source of substantial profits.

Overall the group's performance was enhanced last year by unusually high receipts in certain areas, while other areas bore unexpected burdens. The directors look forward to a more conventional balance in the figures before long.

As for the current year he says that the group hopes to be free from the exceptional costs and interruptions of 1977-78 but on the other hand will not enjoy the exceptional levels of receipts that arose in two divisions. He believes that in a no-growth world there will still be scope for well chosen enterprises to prosper. It will be in the second half that the financial effects of current policies begin to appear, he says.

Talking of the new Daily Star he says the directors were influenced in their decision to establish a new newspaper already having most of the necessary resources, not to mention their preference for giving continued gainful employment to personnel who might otherwise be surplus to requirements.

The turnround at Express Newspapers was in the context of personnel, premises and modern plant appropriate to levels of daily production that have not applied for some years, he points out.

In line with the group's normal practice profit from newspaper and magazines is shown in the profit and loss account at £3.2m, after interest on the cost of the acquisitions. The actual revenue was £6.7m.

For the year to September 30, 1978, group taxable revenue was ahead to £60.63m (£46.41m) despite a sharp setback in shipping, aviation and hotels from £17.66m to £2.95m before interest—as reported December 13. The net dividend is raised to 5.76p (5.16p) and a one-for-two scrip issue is proposed.

At year end, net funds showed a decrease of £1.57m (up £3.73m) and capital commitments amounted to £15.35m (£8.09m) of which £4.87m (£1.75m) had been authorised but not contracted.

It is expected some 2,500 employees will participate in the proposed profit sharing scheme which, if approved, will cost about £0.75m in the current year. The average number of UK employees of the group last year was 25,698 and a further 11,000 or so were employed overseas.

During 1977-78 the group's bulk carriers all ran into significant losses and the entire fleet was sold. It is difficult to predict a recovery for shipping in general and, therefore, the bulk of the group's prospective revenues must come from its interests in the two container consortia of ACTA, serving Australia and New Zealand from Europe and the U.S., and ACL operating between Europe and the U.S. and Canada, says Mr. *Broackes.*

The composition of the group's fleet is being adjusted to make likely a return to a reasonable level of profitability next year if not this, he adds.

The QE2 is currently undergoing a major refit and modernisation. By year-end, costs of £3m had been incurred and a further £2.5m was expected to be spent here in the first quarter of 1978-1979.

In terms of number of schemes the group's involvement in property is higher than it has ever been and, although last year's surpluses from the division were unusually high at £22.63m, against £7.92m, it is expected to produce continuing results at a higher level from now on than generally applied in the years prior to 1977-78, the chairman states.

Meeting, Baltic Exchange, EC, on January 15 at 11.30 am.

See Lex

BIDS and DEALS

Bank Bridge rebuilding into entirely new company

THE LONG *saga* of Bank Bridge Group is nearly over. A completely new company is about to emerge under the Bank Bridge name which the directors say will have no connection with the liabilities which have dragged the company down over the past three years.

Yesterday the company announced that it had sold all *its remaining subsidiaries to one* of the directors, Mr. J. S. Reading. He will assume "all the past and future liabilities" of Bank Bridge as it is today, *according to the company secretary* Mr. R. W. Chambers.

That move will leave Bank Bridge as a shell company. Into it the directors intend to inject a private company, Rock Motors Parts, owned by a Mr. and Mrs. J. A. Darham.

The deals are still conditional, not least upon Stock Exchange approval. Yesterday Bank *Bridge's shares were temporarily* suspended pending publication of the full detail. Meanwhile it is not yet certain whether the company will retain its Stock Exchange listing or will need to seek a requotation.

If the deals go through Mr. Reading will take over the three main subsidiaries. By way of payment he will assume respon*sibility for Bank Bridge's loan* stock (£141,000) and the current liabilities of the company (making a total of £214,282). In addition Mr. Reading will cover the *interest payments on the loan* stock for two years, amounting to a further £22,598.

The second half of the deal involves Rock Motors, for which Bank Bridge is to pay in shares. As a result the Darhams will own 72 per cent of the increased share capital, worth around £½m.

Rock is said to be an expanding company operating in the South and West. In the nine months to September it made pre-tax profits of £173,621 and for the 15 months to the end of next year is forecast to make £375,000. Net tangible assets in September were £462,000.

Turnover rose slightly in the six months to September from £1.99m to £2.12m, but at the pre-tax level there was a loss of £70,000, compared with a £12,000 profit at the comparable date last year. Again there is no dividend.

KINSMEAD HOTEL

Management Agency and Music has now purchased a further 10 per cent of the capital of Kingsmead Hotels of which it already owns 80 per cent.

The consideration of £106,395 has been satisfied by the issue of 60,054 ordinary shares valued at 89p per share) and by £53,447 cash.

DAVID DIXON

The interest in David Dixon and Sons Holdings acquired by Birmingham and Midland Counties Trust was 400,000 shares *(22.02 per cent),* and not 500,000 as reported yesterday.

Following the recent rights issue, Mr. H. Turpin, chairman and director of Dixon, now holds 210,125 ordinary and 27,000 preference shares, representing 12.0 per cent and 49.3 per cent, respectively of the capitals.

BMCT announces the purchase of further shares in Bernard Wardle, to bring its holding up to 3,063,000 (17 per cent).

On behalf of Manchester Nominees, account Mr. Graham Ferguson-Lacy (chairman of BMCT), Haliday Simpson has sold 150,000 shares in Yorkshire Fine Woollen Spinners.

ANTONY GIBBS £2M DISPOSABLES

Antony Gibbs, the banker and manufacturers of timber products, has sold a series of strategic stakes in a number of its commodity broking subsidiaries and associate companies for more than £2m cash.

Ralli Brothers, a subsidiary of the Bowater Corporation, has bought the group's 50 per cent stake in Gibbs Nathaniel and the 38.82 per cent holding in Gibbs Nathaniel (Canada) for £1.9m. Ralli has also acquired the *remainder of the shares in Gibbs* Nathaniel.

In addition Mr. H. Nathaniel, executive chairman of the Gibbs Nathaniel group, has bought the 49 per cent stakes in *Porvenir* and Comak previously held by Antony Gibbs.

Mr. Nathaniel is paying U.S.$491,000 (£244,000) for the Porvenir and Comak stakes.

BAMBER ACQUIRES FREEHOLD STAKE

For a nominal consideration, Bambers Stores has acquired 50 per cent of the capital of Enahurst, a private property company whose only asset is the freehold interest in Centric House, Shoreditch, London.

The property comprises light industrial premises and offices totalling some 325,000 sq. ft. The head lease has been acquired by Bambers for a nil consideration at an initial annual rental of £160,000. Approx. 120,000 sq ft has either been sublet or is being offered for subletting for periods up to 20 years and it is expected that initial annual rentals will aggregate some £76,500.

As a result of the acquisition Bambers has entered into a joint and several guarantee with the other 50 per cent shareholder in Enahurst of borrowings incurred by Enahurst up to a maximum of £650,000. The warehouse will facilitate the planned expansion of Bambers' business into the early part of the next decade.

TPT PURCHASE

TPT, international paperboard and packaging manufacturer, will acquire Tillotsons Containers, an operating subsidiary of St. Regis Paper Company (UK), with effect from January 2.

BANK RETURN

	Wednesday Dec. 20 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	24,623,717	[illegible]
Spc'l Deposits	1,098,780,000	
Bankers	393,811,803	— 28,871,250
Reserves & Other A/cs	646,622,103	[illegible]
	2,178,390,623	— 71,431,408
Assets		
Govt. Securities	[illegible]	[illegible]
Adv. & Other A/cs	220,747,840	+ 15,676,780
Premises, Equ. & other Secs.	176,130,831	[illegible]
Notes	14,216,763	[illegible]
Coin	[illegible]	[illegible]
	2,178,390,623	— 71,431,408
ISSUE DEPARTMENT		
LIABILITIES		
Notes Issued	9,575,000,000	[illegible]
In Circulation	[illegible]	[illegible]
In Bank'g Dept.	14,216,763	— 13,341,047
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs	[illegible]	[illegible]
Other Securities	[illegible]	[illegible]
	[illegible]	[illegible]

OIL and GAS NEWS

Another Fortescue Field find for Esso/BHP

ESSO EXPLORATION and Production Australia and Hematite Petroleum, a subsidiary of Broken Hill Proprietary, have had further success in their oil and gas exploration efforts in the Gippsland Basin, offshore Victoria. Hydrocarbons have been encountered at the Fortescue No. 3 well.

The existence of the Fortescue Field was established in September when drilling at the West Halibut 1 well proved the existence of hydrocarbons in the area. The southern extension of the field was outlined by successful results from the Fortescue No. 2 well which revealed a seven metre oil zone.

Fortescue No. 3 reached total planned depth of 2,625 metres and five cores were cut over the *intervals 2,416 to 2,417 metres* and 2,440 to 2,480 metres.

Sandstones with indications of hydrocarbons were recovered over the interval 2,440 to 2,465 metres. Electric logs have been run and indicate the existence of hydrocarbons from 2,434 to 2,461.5 metres. Oil was recovered on a wireline test run at 2,440 metres.

The hole has deviated from the vertical and, as a consequence, the measured depths are deeper than the true vertical depths.

On a less happy note, drilling in Queensland has again proved *disappointing. Following hard* on the heels of the abandonment of the Donga No. 2 well, the Esso/BHP partnership say that the Parknook 1 well has been *drilled and cored to a depth of* 2,163 metres, but that two tests have revealed only small quantities of gas with no commercial significance.

* * *

The Beaufort Sea exploration activities of Dome Petroleum's drillships will be carried out with greater safety and for longer periods from the latter part of the 1979 drilling season if a new experimental icebreaker enters service on schedule.

Dome recently awarded a contract to St. John Shipbuilding and Drydock, New Brunswick, to construct a new Arctic Class 4 powered experimental icebreaker.

The 16,800 horsepower vessel would be the second most powerful icebreaker operating in Canadian waters and its new design should make it Canada's most effective icebreaker.

The new vessel should contribute substantially to the development of Arctic marine technology in Canada. The vessel will be entirely financed by Dome, while the usual ship *construction subsidy* will be awarded to the shipyard by the Federal Government.

* * *

The Elf-Aquitaine oil group has been awarded three exploration permits in the African Republic of Niger, covering a total area of 345,620 sq. km.

The permits, which will run for five years, include 280,000 sq km in western Niger, 62,000 in the Bilma region in the east of the country, and 3,620 in the Manga region near Lake Chad.

The oil group is committed to drill at least two wells during the five-year period.

* * *

Another natural gas well has been found in Roger Mills County, Oklahoma. Dyco Petroleum says that the well, Spurlin Unit No. 1-23, in which it has a 28.5 per cent working interest, flowed at a rate of 5m cubic feet of gas per day from a depth of 14,817 to 14,835 feet during a four-hour test.

Other participants in the well include Ferguson Oil and Gas, Euro-Petro and Hoover and Bracken Energies, all based in Oklahoma.

Benzol profit doubled

REPRESENTING an encouraging half year position ahead of expectations taxable profits of British Benzol Carbonising, coke and smokeless fuel manufacturer, more than doubled from £255,000 to £551,000 for the six months ended September 30, 1978, on sales of £8.55m, against a previous £7.73m.

The directors say that this performance has continued to date and they expect it to be maintained throughout the remainder of the year—*pre-tax profits for the 1977-78 year were down from* £1.41m to £792,378.

Earnings per 10p share are shown as 2.9p compared with 1.3p and the directors announce an interim dividend of 0.5p (nil) net—last year's final payment was 0.5974p.

Tax for the half year took £275,000 (£133,000) and the amount retained was £229,000 (£122,000).

Trustees Corpn. moves ahead

In the half year ended November 30, 1978, Trustees Corporation has pushed up the revenue available for the ordinary from £776,804 to £931,498.

The interim dividend is stepped up from 1.5p to 1.8 net per 25p share, as forecast and to reduce disparity. Total for the year ended May 3, 1978, was 4.85p, paid from available revenue of £1.54m.

In the half year revenue totalled £1.84m (£1.66m). Expenses came to £394,938 (£426,423) and tax took £500,870 (£442,751).

At November 30, net asset value was 198.5p compared with 192.8p a year earlier, after prior charges at par.

Detour deal of Seltrust

By Kenneth Marston, Mining Editor

THE UK *Selection Trust group's* Canadian subsidiary, Selco Mining, and the U.S. Moore McCormack Resources subsidiary, Pickands Mather, have reached agreement in principle over a possible change in their equal ownership of the Detour copper-zinc-silver-gold venture in north-western Quebec.

Under the agreement Selco has the right to acquire from Pickands Mather—and the latter has the right to sell to Selco—Pickands Mather's 50 per cent stake in the Detour joint venture at an amount approximating the latter's investment; Pickands is believed to have spent some $11m (£4.6m) on Detour.

Additionally Pickands Mather will have no obligation to contribute to further project costs. Test work on the Canadian project is to continue under the management of Selco, it is stated.

As already reported, the joint venture has located three mineralised zones at Detour which contain encouraging metal values. Underground tests have been carried out on two of these zones and studies are continuing.

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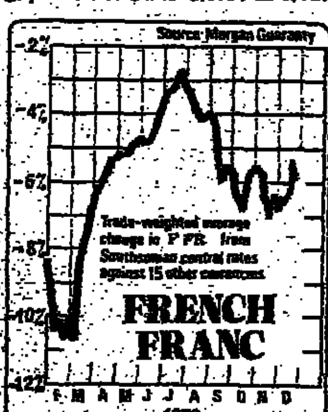
CURRENCIES, MONEY and GOLD

Dollar firmer, pound steady

The dollar gained ground in quiet, nervous trading yesterday. Trading has tended to wind down towards the end of the year, while doubts about the future trend in currency movements following the OPEC oil price rise, and nervousness about the start of the European Monetary System, has brought trading to a low level. This may have encouraged one or two central banks to ak eth opportunity to push up the dollar, while there was no pressure in the market.

The U.S. currency began trading fairly steadily, but then rose sharply in the morning for no apparent reason. It touched a high point of DM1.8680 against he D-mark before closing at DM1.8570, compared with DM1.8410 previously. The dollar improved to SwFr 1.6630 in terms



of the Swiss franc, and closed of the Swiss franc, and closed at SwFr 1.6570, compared with SwFr 1.64125 on Wednesday.

The best level touched against the Japanese yen was Y195.60, and the dollar closed at Y194.75, compared with Y194.25 previously.

On Morgan Guaranty figures, the dollar's trade-weighted depreciation narrowed to 9.3 per cent from 9.6 per cent.

Sterling's trade-weighted index, as calculated by the Bank of England, was unchanged at 63.3, *after standing at 63.2 at noon,* and 63.4 in the morning.

The pound opened at $2.0100-2.0125, *and touched a high point* of $2.0120-2.0140, before falling sharply to $1.9860-1.9880 in the morning, *as the dollar* rose in general. It traded between $1.99 and $2.00 for the rest of the day, and closed at $2.000-2.0020, a fall of 1 cent on the day.

NEW YORK—In thin late trading the dollar drifted down, with small transactions having a *disproportionate effect on rates.* The small amount of business mostly reflected end of year book squaring operations.

PARIS—The dollar lost ground in late trading, after a substan*tial improvement in the morning.* Business was very thin and nervous on news that OPEC may *increase oil prices by more than 14.5* per cent for the next year if the dollar's weakness continues. *The U.S. currency* finished FFr 4.2650 against the French franc, compared with a *fixing level of FFr 4.2765,* but this was much firmer than Wednesday's fixing level of *FFr 4.2020. The D-mark rose to* FFr 2.2967 from FFr 2.2920 on Wednesday, while the Swiss *franc finished at FFr 2.5716,* compared with FFr 2.5730.

FRANKFURT — The Bundes*bank did not intervene at yester*day's fixing, for the first time this week. During the previous three day's *fixings* the West German authorities bought $132.8m. Trading was quiet throughout the fixing, with the dollar gaining on interest rate factors, following the rise of ¼ per cent to 11¾ per cent in Chemical Bank's prime rate on Wednesday, which is expected to spread to other banks. The fixing level for the dollar was DM 1.8615 against the Deutsche Mark, compared with *DM 1.8343* previously. There was no sign of early market intervention by central banks yesterday but the rise in Germany money supply at an annualised rate of 17.3 per cent in the past six months, was seen as the result of the Bundesbank's support for the dollar, and came as little surprise.

In late Frankfurt trading the U.S. currency tended to lose ground, as dealing spreads widened ahead of the Christmas *holiday. Business was* very quiet towards the close, with the dollar quoted at DM1.8570.

TOKYO—The dollar rose to Y194.35 against the yen from Y193.20 on Wednesday. This *followed a general firming of the* dollar earlier in New York, when it closed at Y194.30, against Y193.05 overnight. The opening level of the U.S. currency in Japan was Y193.80.

THE POUND SPOT / FORWARD AGAINST £

Dec. 21	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9860-2.0140	2.0000-2.0020	0.17-0.07c pm	0.72	0.47-0.37c pm	0.84
Canadian $	10¾	2.3580-2.3660	2.3630-2.3650	0.60-0.50c pm	2.79	1.35-1.25c pm	2.16
Guilder	6½	3.97-4.04	4.02¼-4.03¼	1½-½c pm	2.23	4½-3½c pm	3.73
Belgian F	6	58.20-58.80	58.70-58.85	15-5c pm	2.04	50-35c pm	2.89
Danish K	8	10.27-10.38	10.36-10.38	1½-3½ore dis	-2.89	4½-6½ ore dis	-2.22
D-Mark	3	3.68½-3.73½	3.71-3.72	3½-2½pf pm	9.28	9-8 pf pm	9.15
Port. Esc.	18	91.80-95.00	92.20-92.60	50-105c dis	-10.71	150-520c dis	-10.17
Span. Pes.	8	140.70-141.40	141.20-141.65	par-75c dis	-3.19	150-250c dis	-5.66
Lira	10½	1,670-1,682	1,680-1,682	2-4 lire dis	-2.14	7-10 lire dis	-2.02
Nrwgn. K.	7	10.14-10.21	10.19-10.21	2½-½ ore pm	1.47	4½-2½ ore pm	1.37
French Fr.	9½	8.47-8.54	8.52-8.54	3½-2½c pm	3.87	9-8c pm	3.99
Swedish Kr.	6½	8.65-8.72	8.69½-8.71½	2½-½ ore pm	2.41	6½-4½ ore pm	2.64
Yen	3½	384-394	389-391	4.40-4.00y pm	12.92	11.40-10.90y pm	11.46
Austria Sch.	4½	27.05-27.30	27.20-27.30	17.7 gro pm	5.28	47-37 gro pm	6.17
Swiss Fr.	1	3.28-3.33½	3.31-3.32	4½-3½c pm	15.12	10½-9½c pm	12.52

Belgian rate is for convertible francs. *Financial franc 59.80-59.90.*

Six-month forward dollar 1.99-2.00c pm, *12-month* 2.00-2.20c pm.

THE DOLLAR SPOT AND FORWARD

Dec. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.48-84.89	84.66-84.60	0.09-0.12c pm	0.97	0.21-0.24c pm	1.07
Nethlnd.	1.9933-2.0175	2.0150-2.0175	0.43-0.33c pm	2.08	1.52-1.42c pm	2.95
Belgium	29.13-29.49	29.47-29.49	5-3½c pm	1.61	15-10c pm	2.44
Denmark	5.1350-5.1900	5.1850-5.1700	1.20-1.70oredis	−3.19	3.60-4.10oredis	−3.12
W. Ger	1.8325-1.8610	1.8590-1.8610	1.42-1.36pf pm	9.11	3.97-3.91pf pm	8.42
Portugal	46.00-46.56	46.30-46.55	40-50c dis	−11.63	90-160c dis	−10.77
Spain	70.25-70.60	70.50-70.60	25-45c dis	−5.41	120-150c dis	−7.65
Italy	830.75-842.00	840.00-841.00	1.50-2.50liredis	−2.79	5.50-6.60liredis	−3.01
Norway	5.0630-5.1020	5.0950-5.0980	0.75-0.25ore pm	1.19	1.00-0.50ore pm	0.59
France	4.2180-4.2725	4.26-4.27	1.50-1.30c pm	3.10	3.80-3.40c pm	3.08
Sweden	4.3220-4.3535	4.3515-4.3535	1.05-0.85ore pm	2.40	2.30-2.10ore pm	1.94
Japan	194.40-195.40	194.60-194.90	2.05-1.90y pm	10.20	5.30-5.10y pm	10.49
Austria	13.51-13.67	13.60-13.63	5.50-4.50gro pm	4.04	17.50-15.50gropm	4.38
Switz.	1.6425-1.6620	1.6570-1.6620	1.78-1.71c pm	11.62	4.90-4.83c pm	11.82

† U.S. cents per Canadian $.

CURRENCY RATES

December 20	Special Drawing Rights	European Unit of Account
Sterling	0.646412	0.679497
U.S. dollar	1.30058	1.36714
Canadian dollar	1.53885	1.61926
Austrian schilling	17.4733	18.3699
Belgian franc	37.7558	39.6882
Danish krone	6.66222	7.01254
Deutsche Mark	2.38565	2.50910
Guilder	2.58620	2.71925
French franc	5.46504	5.74532
Lira	1077.88	1134.22
Yen	250.882	264.060
Norwegian krone	6.51200	6.87539
Peseta	91.2265	95.8420
Swedish krona	5.59930	5.88845
Swiss franc	2.12580	2.23489

CURRENCY MOVEMENTS

December 21	Bank of England Index	Morgan Guaranty changes %
Sterling	63.26	−40.8
U.S. dollar	83.60	− 9.3
Canadian dollar	79.39	−18.0
Austrian schilling	146.71	+19.2
Belgian franc	114.18	+15.0
Danish krone	117.91	+ 7.1
Deutsche Mark	140.86	+41.7
Swiss franc	196.19	+85.0
Guilder	124.59	+20.6
French franc	99.48	− 5.9
Lira	54.06	−49.3
Yen	148.32	+46.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index = 100).

OTHER MARKETS

Dec. 21	£	$		£ Note Rates
Argentina Peso	1.979-1.983	989.00-991.00	Austria	26¾-27½
Australia Dollar	1.7420-1.7470	0.8703-0.8714	Belgium	59¼-66¼
Finland Markka	7.9200-7.9500	3.9520-3.9540	Denmark	10.30-10.40
Brazil Cruzeiro	40.34-41.34	20.16-20.66	France	8.45-8.60
Greek Drachma	73.139-73.799	36.05-36.88	Germany	3.65-3.75
Hong Kong Dollar	9.5700-9.6000	4.8010-4.8030	Italy	1630-1680
Iran Rial	148.85-152.87	74.39-76.40	Japan	387-397
Kuwait Dinar (KD)	0.543-0.553	0.2714-0.2764	Netherlands	3.95-4.05
Luxembourg Franc	58.70-58.85	29.36-29.41	Norway	10.10-10.25
Malaysia Dollar	4.3650-4.3900	2.1845-2.1855	Portugal	91-97
New Zealand Dollar	1.8825-1.8896	0.9403-0.9438	Spain	142½-145½
Saudi Arabia Riyal	6.63-6.73	3.3133-3.3633	Switzerland	3.25-3.35
Singapore Dollar	4.3050-4.3400	2.1660-2.1670	United States	1.9900-2.0100
South African Rand	1.7174-1.7522	0.8582-0.8757	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 20	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.001	3.715	390.0	8.530	3.315	4.033	1681.	2.364	58.78
U.S. Dollar	0.500	1.	1.857	194.9	4.263	1.657	2.015	840.1	1.181	29.37
Deutsche mark	0.269	0.539	1.	105.0	2.296	0.892	1.085	452.5	0.636	15.82
Japanese Yen 1,000	2.564	5.131	9.526	1000.	21.87	8.500	10.34	4310.	6.062	150.7
French Franc 10	1.172	2.346	4.355	457.2	10.	3.886	4.727	1971	2.771	68.90
Swiss Franc	0.302	0.604	1.121	117.6	2.573	1.	1.216	507.1	0.713	17.73
Dutch Guilder	0.248	0.496	0.921	96.71	2.115	0.822	1.	416.9	0.586	14.58
Italian Lira 1,000	0.595	1.190	2.210	232.0	5.074	1.972	2.399	1000.	1.406	34.96
Canadian Dollar	0.423	0.846	1.571	165.0	3.608	1.402	1.706	711.1	1.	24.86
Belgian Franc 100	1.701	3.405	6.321	663.5	14.51	5.640	6.861	2860.	4.022	100.

EURO-CURRENCY INTEREST RATES

Dec. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11¾	10⅛-10⅜	7½-8½	9¾-10	−1/16-1/16	2⅝-2⅞	6⅞-7⅛	6-9	—	[illegible]
7 days' notice	14-14½	10¼-10½	7½-8½	9¾-10	⅛-¼	4⅜-4⅝	6⅞-7⅛	12-14	11 [illegible]-12 [illegible]	[illegible]
Month	12¾-13⅛	11⅝-11⅞	10 1/16-11 1/16	9⅝-9⅞	−1/16-1/16	3⅜-3 9/16	8⅞-9⅛	14-15	14 [illegible]-14 [illegible]	[illegible]
Three months	13-13⅜	11⅞-12⅛	10¾-11⅛	9⅜-9⅝	⅛-⅜	3 [illegible]-3 [illegible]	8⅞-9⅛	14½-15½	[illegible]	[illegible]
Six months	13⅜-13¾	12⅜-12⅝	11¼-11⅝	8⅞-9⅛	⅛-⅜	3¼-3⅜	9⅜-9⅝	15-16	12 [illegible]	[illegible]
One year	15⅛-15½	11⅞-12⅛	10⅝-11	8¼-8½	1/16-3/16	3⅞-4	10-10½	15½-16½	12 [illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.55-11.65 per cent; three months 11.90-12 per cent; six months 12.25-12.35 per cent; one year 11.90-12.00 per cent.

Long-term Eurodollar deposits: Two years 10⅞-11⅛ per cent; three years 10¾-10⅞ per cent; four years 10¼-10½ per cent; five years 10⅜-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day cal for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. interest rates firm

Treasury bill rates were firmer yesterday with 13-week bills at 9.26 per cent compared with 9.20 per cent late on Wednesday, and 26-week bills at 9.62 per cent from 9.60 per cent. One year bills were also firmer at 9.64 per cent against 9.61 per cent. Federal funds were trading at 10 per cent, little changed from the previous day although the Fed has not intervened in early trading.

FRANKFURT — Interbank *rates were slightly easier where* changed, with call money at 2.7-2.8 per cent against 2.95-3.05 per cent *previously.* One and tree-month money remained at 4.1-4.2 per cent while the six-month rate *fell to* 4.1-4.2 per cent from 4.15-4.25 per cent. Twelve-month money was unchanged at *4.25-4.35 per cent.*

PARIS—Money market rates were easier throughout with call money at 6¼ per cent compared with 6¾ per cent and one-month money at 6⅜-6½ per cent against 6 7/16-6 9/16 per cent. *The three-month* rate fell from 6⅝-6¾ per cent to 6⅜-6½ per cent, with six-month *money easing to 8⅛-8⅜ per cent* from 6 13/16-6 15/16 per cent. 12-month money was quoted at 7-7¼ per *cent against* 7 1/16-7 5/16 *per cent.*

AMSTERDAM — Interbank money market rates were easier *in the short end, although* longer term rates showed a firmer tendency. Call money *eased to 10½-11 per cent from* 10¾-11¼ per cent and the one-month rate fell to 10-10½ per cent *from 10⅜-10⅞ per cent. Three-*month money remained at 10½-10¾ per cent while the six-month *rate rose from 9¾-10 per cent to* 10¼-10½ per cent.

BRUSSELS—Deposit rates for *the Belgian franc (commercial)* took on a firmer look throughout, with quotations on a rather *wide spread. One-month deposits* rose to 10¼-10¾ per cent from 9¾-10 per cent and the three-month *rate firmed from 9⅝-9⅞ per cent* to 9¾-10¼ per cent. Six-month deposits were quoted at 8¾-10¼ *per cent against 8¾-9¼* per cent and 12-month deposits rose to 8¾-10¼ per cent from 8¾-9 per cent.

GOLD

Weaker trend

Gold fell $2¼ to close at $213-213¼. Trading began quietly, at $215¾-216¼, but the metal moved down sharply at a prolonged morning fixing to $213.25. It touched a *low point* of $210¾-211¼, but *rose* to $212.60 at the afternoon fixing.

In Paris the 12½ kilo gold bar was fixed at FFr 29,700 per kilo ($216.00 per ounce) in the afternoon, compared with FFr 29,400 ($215.67) in the morning, and *FFr 29,450 ($217.99) Wednesday* afternoon.

In Frankfurt the 12½ kilo bar was fixed at *DM12,760 per kilo* ($213.21 per ounce), compared with DM 12,330 ($217.27) previously.

	Dec. 21	Dec. 20
Gold Bullion (a fine ounce)		
Close	$213-213¼	$215¾-216
Opening	$215¾-216¼	$219-220
Morning fixing	$213.25 (£106.572)	$219.75 (£107.402)
Afternoon fixing	$212.60 (£106.220)	$216.80 (£107.561)
Gold Coins, domestically		
Krugerrand	$223¾-225¾ (£112-113)	$226-230 (£113-114)
New Sovereigns	$62-64 (£31¼-32¼)	$64-66 (£31¾-32¾)
Old Sovereigns	$60¼-62¼ (£30¼-31¼)	$61½-63 (£30¾-31½)
Gold Coins, Internationally		
Krugerrand	$218-220 (£109-110)	$222¾-224¾ (£110¾-111¾)
New Sovereigns	$56½-58½ (£28¼-29¼)	$57¾-59¾ (£28¾-29¾)
Old Sovereigns	$60¼-62¼ (£30¼-31¼)	$6[illegible]-65¼ ([illegible])
$20 Eagles	$290-295	$295-[illegible]
$10 Eagles	$163-168	$160-165
$5 Eagles	$110-115	$110-115

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit was in good supply in the London money market yesterday, and the authorities intervened to soak up the surplus by selling an exceptionally large amount of Treasury bills both directly to the discount houses and to banks. Discount houses were paying 11¼-11½ per cent for secured call loans at the start, with *closing* balances taken between 6 per cent and 8 per cent. Factors affecting the *market appeared all on one side,* with banks bringing forward balances a modest way above *target as well as a moderate* decrease in the note circulation.

There was also a very large excess of Government disbursements (including Rate Support Grant) over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 11-11¼ per cent *and eased on the forecast* to 10-10½ per cent. Rates then touched 10¼-10½ per cent before *falling away to 4-5 per cent* during the afternoon. However last minute money proved to be somewhat more expensive at 10 per cent. Longer term rates tended to remain firm, reflecting *the upward trend in U.S. interest* rates after last week's OPEC oil price rises.

Rates in the table below are nominal in some cases

LONDON MONEY RATES

Dec. 21 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	4-11¼	—	—	—	10½-11¼	6-11½	—	—	—
2 days notice	—	—	11⅛-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11¼	—	—	—	—
7 days notice	—	10¾-11⅛	11⅝-12	—	12	—	10½-11	—	—	—
One month	11⅞-11 13/16	11 11/16-11 13/16	11⅞-12	12-12⅜	12¼	12¼	11½	11 1/16	11¾-11 13/16	12⅛
Two months	12 1/16-12 3/16	12⅛-12 3/16	—	12⅛-12½	12½	12¾	11¾	11 9/16-11 11/16	11 13/16-12	12⅜
Three months	12⅜-12 7/16	12 5/16-12 7/16	12¼-12⅜	12¼-12⅝	12¾	—	11¾-12	11 9/16	12 1/16	12½
Six months	12 9/16-12 11/16	12¾-12⅞	11⅞-12¼	12-12⅜	12¾	—	—	—	11 13/16-12	12 13/16
Nine months	12½-12	12⅛-12 3/16	—	12⅛-12½	12⅝	—	—	—	—	—
One year	12⅛-12	12 1/16-12¼	11¾-12	12-12½	12⅞	—	—	—	—	—
Two years	—	—	12-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12¼-12½ per cent; four years 12⅝-12¾ per cent; five years 12⅝-12¾ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11 3/32 per cent; and two-month 11 7/16 per cent; three month 11 9/16 per cent. Approximate selling rate for one-month bank bills 11¾-11 13/16 per cent; two-month 11 13/16-11⅞ per cent; and three-months 12 per cent; one-month trade bills 12⅛ per cent; two-month 12⅜ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5769 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.0
Treasury Bills (13-week)	9.23
Treasury Bills (26-week)	9.62
GERMANY	
Discount Rate	3
Overnight	2.75
One month	4.15
Three months	4.15
Six months	4.15
FRANCE	
Discount Rate	9.5
Overnight	6.50
One month	6.4375
Three months	6.4375
Six months	6.5625
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

NORTH AMERICAN NEWS

AT & T profits attacked as excessive

By Our Own Correspondent

NEW YORK — Just after American Telephone and Telegraph announced an *18.3* per cent rise in earnings for the third quarter, its largest customer, the U.S. Government with over a million phones, has complained that its phone bill was to high.

The General Services Administration, which handles the Government's business affairs, as now asked the Federal Communications Commission to investigate AT & T's profits, claiming that they are excessive and should be cut.

The GSA says that the FCC's profitability ceiling of 9.5-10 per cent should be reduced to 9 per cent so as to cut telephone costs for the entire country.

AT & T acknowledges that its *rate of return will probably* be over 10 per cent this year. But it claims this is due to increased productivity, and it says that, if anything, profitability ceilings should be raised.

Bendix credit

Bendix Corporation has made new revolving credit and *term loan arrangements totalling* $100m through several banks and has also completed a $50m private placement borrowing, reports Reuter from Southfield.

Occidental Petroleum drops $1bn Mead bid

BY DAVID LASCELLES

NEW YORK—In one of the most dramatic turnrounds of the U.S. bids and deals scene for for some time, Occidental Petroleum has backed out of *its four-month* battle *for control* of Mead Corporation, the Ohio forestry products company. The end of this takeover attempt, valued at nearly $1bn and among the largest this year, places a big question mark over Occidental's corporate strategy. Mead, though now victorious, may not have come through unscathed either.

Occidental's admission of defeat came in a terse statement from its Los Angeles headquarters. It blamed "the ferocity of the Mead management opposition" and said this made it unlikely that Mead executives would co-operate even if the merger were to go through. And in a bitter final comment on the episode, Occidental remarked on the drain on time and money represented by the "corps of lawyers" involved in the legal wrangling.

Occidental's bid, announced in August, was aimed at exploiting the company's high cash flow from oil operations in the North Sea and elsewhere to gain a foothold in new resource areas through acquisition. Mead was chosen for its rich forestry assets, and its long-term potential which would balance out Occidental's wasting oil assets.

But the bid encountered immediate and tough opposition from Mead. The management mounted a barrage of defences, ranging from anti-trust to the sheer inadequacy of Occidental's offer. *Mead was later joined* by the Justice Department which objected on grounds on anti-trust and the possibility that Occidental could transform Mead into a dominant force in the paper market.

The latest development in the battle was an order from an Ohio judge barring Occidental from pursuing theh offer until *the end of this month so as to* give the court time to study all thhe issues raised by Mead and the Justice Department. But this could well have been thhe last straw for Occidental.

The failure of the bid could now cost some high Occidental executives their jobs, analysts believe. But whoever is made the scapegoat, Occidental's credibility as a takeover bidder has taken a hard knock.

Dictaphone agrees terms

BY OUR OWN CORRESPONDENT

NEW YORK—Pitney-Bowes and Dictaphone, the two big names in office equipment, confirmed that they are to merge. In a $120m deal which had been revealed last week that it had been *approached* by a then unidentified suitor. Dictaphone will be absorbed into a wholly-*owned* subsidiary of Pitney-Bowes.

Terms of the deal are roughly the same as those announced earlier. Pitney Bowes will make a tender offer of $28 in cash or up to 2m of Dictaphone's 4.3m shares. It will acquire the rest through a new issue of *convertible preferred stock with* a stated value of $28. The main improvement negotiated by Dictaphone seems to be an increase in the dividend carried by these shares, from $2 to $2.12.

Now that the boards of both companies have agreed terms, final approval is dependent on definitive agreements and the shareholders' go-ahead.

The new combined company would have annual sales in the region of $1bn, it is estimated, making it a leader in the office equipment field.

INTERNATIONAL CAPITAL MARKETS

Iran turmoil prompts precautionary moves

BY OUR EUROMARKETS STAFF

INTERNATIONAL BANKS with large loans extended in Iran have started to take the first precautionary steps to protect themselves against any further deterioration in the country.

At least one bank has begun a process, in connection with a $100m syndicated loan, which could potentially empower it, along with other participating banks, to call for immediate repayment.

The growing political instability in Iran, which has *disrupted both the Iranian* Central Bank (Bank Markazi) and the domestic banking system, has caused widespread concern in the international banking community.

It is clear that Iran, one of the most regular of the borrowing nations in OPEC on the medium-term Eurocurrency mar*kets, would have little success* in attempting to raise new finance at the moment.

In the main, however, most banks participating in existing Iranian Eurocurrency loans are reporting a surprisingly high degree of reliability by the borrowers in meeting due interest and principal repayments, despite the banking disruption in Tehran.

One London banker said "most of the obvious characteristics of default, such as delays in payment or the *failure to make regular reports*, are generally not occurring with Iranian loans."

In addition, several banks in the past few days have allowed a private sector Iranian company to start drawing on a Eurocredit arranged earlier in the year. This, one bank pointed out, illustrated that confidence *was still being displayed in the* resilience of the Iranian economy.

A few banks are said to have encountered slight delays on payments, and are watching carefully to see if the volume of missed payments starts to build up to worrying levels.

Chase Manhattan, the agent bank for a $100m syndicated loan to Iran, has advised banking members of the syndicate group to consider an "adverse material change" clause contained in the loan agreement.

*As the agent, Chase is ensur*ing that all syndicate members are fully aware of their rights under the loan agreement.

The clause itself would empower banks in the syndicate to call for immediate repayment of the loan, although it is stressed that this is unlikely to happen.

In response to a telex by Chase, most syndicate members have apparently replied with answers showing little immediate concern.

Repayments of principal and interest on the loan, made two years ago to the semi-State Industrial Credit Bank of Iran, are being made on schedule.

The "adverse material change" clause—inserted in loan agreements in sections covering events of default—refers to new political, economic social or financial conditions in *a country which could have a* serious impact on the borrower, to the extent that the loan could be jeopardised.

The loan can be called for default, if the majority of the banks involved in the credit decide that such events place a serious question mark over the transaction.

EUROBONDS

Flexible DM loan calendar

By John Evans

The big German commercial banks have set a flexible Deutschemark foreign loan calendar for January under which a maximum total of approximately DM 1.1bn of issues will be launched.

Last month's calendar of DM 1.2bn proved difficult for the German bond market to absorb, and four issues were subsequently cancelled.

According to unofficial indications after the mid-week meeting of the Central Capital Market sub-committee in Frankfurt, nine issues will be scheduled in January.

In addition, a DM 100m bond is earmarked for a supranational organisation, which does not have to be cleared by the sub-committee.

However, depending on *conditions in the foreign* DM market next month, the size of the calendar can be reduced to as little as DM 850m, German bankers reported.

For instance, Westdeutsche Landesbank is said to be scheduling up to DM 390m of issues, but with licence to reduce this figure to DM 340m.

The calendar provides for DM 220m of isuses from Dresdner Bank, Commerzbank with DM 100m, Deutsche Bank with between DM 250m and DM 350m, and Deutsche *Genossenschafts Bank has a* DM 40m private placement.

Prices in the Deutsche Mark Eurobond sector were little moved in dull pre-Christmas trading yesterday. The DM 150m 10-year bond for Norges Kommunalbank has been priced at 99, with a 6¼ per cent coupon, according to manager Westdeutsche Landesbank.

Trading in the Eurodollar bond market remained light, with most prices little changed. The dollar rallied slightly and short-term Eurodollar interest rates, after after nearing 13 per cent at one stage, subsequently moved lower.

Some support was encountered for floating rate notes, with the $100m Bank fuer Gemeinwirschaft issue quoted at 97¾ to 98¼, up nearly ¼.

S. G. Warburg, manager of *the new ECSC $50m issue*, lowered its bid again to 96 yesterday from 96½ on Wednesday, according to dealers.

● British Gas this week began its programme of commercial paper sales in the U.S. By mid-week, the state undertaking had placed about $11m of its paper with investors. The placements were mainly concentrated in 30-day maturities, where prime-rated A-1 and P-1 paper (the rating awarded to British Gas) currently commands around 10¼ per cent.

As known, British Gas has set up a $250m Eurodollar standby facility to back up an equivalent amount of commercial paper operations, which are being handled by Goldman Sachs.

German state loan

The West German government is coming to the capital market for DM 1.7bn ($925m) writes our financial staff. The issue, the traditional New Year funding from the Federal Republic, will be in three tranches of six, eight and ten year bonds. The shorter maturity will raise DM 1bn with the balance spread be*tween the eight and ten year* offers.

General Dynamics

Marblehead Lime, a General *Dynamics unit, said it plans a* $55m expansion programme that will make it the world's largest producer of lime. The company is to spend $20m to add 350,000 tons annually to the capacity of its south Chicago plant and replace 140,000 tons of obsolete capacity. About $10m will be spent at the Thornton plant to *raise its capacity by 250,000* tons a year.

IRI plans to spend $16bn in the next three years

BY RUPERT CORNWELL

ROME—Istituto per la Ricostruzione Industriale (IRI) the state conglomerate announced plans for a three-year investment programme between 1979 and 1981 totalling L13,400bn ($16.6bn).

The programme which was set out *in a document from* Italy's largest industrial group to the parliamentary commission dealing with the state sector, is based on the maintenance of the IRI workforce at about its present level of 520,000 and the return of the group to financial balance at the end of the same period.

Of the sum, which is equivalent to L9,750bn at 1977 prices, 13 per cent will go towards restructuring existing group companies. But the lion's share, or 78 per cent, will be spent on *what is* described as "enlargement and modernisation" schemes, concentrated mainly in the telecommunications division of IRI.

On sales of over L14,000bn in 1977, IRI reported an overall loss of L722bn ($900m). Modest profits generated by the banking and service interests of the group were totally eclipsed by heavy *losses in its steel and* automobile divisions.

The document states that IRI hopes to meet its goal of getting back into the black by converting and reorganising its loss making activities, and by concentrating on strategic high technology, such as the nuclear industry, electronics and computers.

The document does not go into great detail on how the money will be provided. But the conglomerate lays great stress on the undercapitalisation of many of its operating companies, and suggests that the state will have to provide some of the funds required in that form.

IRI also warns that without a rise in telephone tariffs charged by its subsidiary SIP, that company will not be able to cover its costs, and be obliged to cut back on the heavy spending planned for that sector.

Profits slump at Thyssen unit despite sales rise

BY ADRIAN DICKS

DUSSELDORF — Thyssen Edelstahl, the special steels subsidiary of the Thyssen group, has announced a drop in after tax profits from DM 20m in 1976-77 to only DM 500,000 *($272,000) for the 1977-78 busi*ness year to September 30. Herr Alfons Goedde, the company's executive board spokesman, said that "this is not an adequate result for us."

On a pre-tax basis, Thyssen Edelstahl's profits fell from DM 66m to DM 35m ($19.4m) while sales registered a 2 per cent increase to DM 2.16bn ($1.2bn). As this figure indicates, the company succeeded in selling some 3.5 per cent more in volume terms last year, but Herr Goedde stressed that *price levels had been such that* the profit margin on all products has suffered.

In particular, the volume of sales for hot and cold rolled rust and heat resistant sheet steel products climbed by 15.5 per cent—the second year of strong growth after a 24 per cent rise in 1976-77.

Yet the company suffered, in spite of a worldwide increase in demand for special steels, from considerable over-capacity and a consequent pressure on prices, so that some companies in the European Community were now "buying" business, if only to help cover fixed costs. Private companies in the special steels field could no more withstand subsidised competition from *state-owned* groups than mass steel producers, Herr Goedde warned.

Herr Goedde also pointed out that the motor industry, although a major consumer of special steels, was continuing to substitute *lighter parts* for heavier, and to use castings instead of forgings.

Imports of special steel products fell back as a proportion of the total from 11.1 to 10.3 per cent, although for some products the proportion of imports in the West German market is now as high as 46 per cent.

Exports were up by about 15.7 per cent for the West German special steels industry as a whole, Herr Goedde said, but he stressed that the quotation of *prices in dollars had meant* a further deterioration of export profitability.

For the current year, Thyssen Edelsthal is making no firm predictions, in part because of the uncertain effects of the steel industry dispute. The first two months of the new business year had, however, improved in terms of output, orders and profits.

Didier sees maintained earnings

By Guy Hawtin

FRANKFURT — Sales of Didier-Werke, West Germany's leading manufacturer of refractory bricks and fire proofing products, are higher than expected so far this year and profits are likely to be maintained at last year's level. A shareholders' circular says that *turnover by the parent concern* for the first 10 months of the year totalled DM 489m ($265.8m) indicating an annual total of almost DM 600m, compared with 1977's DM 582m.

At the group annual meeting at the end of June, Dr. Martin Bieneck, Didier's chief executive, told shareholders that "the cumulative effect of adverse factors" made it difficult for the company to reach its targets in 1977. He cited the steel crisis, the uncertain investment climate, excessive rises in *unit wages costs, shifts in* foreign exchange rates, signs of protectionism and a 50 per cent increase in taxes on distributed profits.

A drop in sales, from 1976's DM 598m, had been unavoidable, he said, adding that 1978 would be another difficult year. While he was optimistic about the concern's long-term future, he was by no means so confident about the year's outcome. The development of the international steel business in the second half of 1978 would determine whether or not the company would succeed in maintaining its 1977 performance.

With the year's turnover figures forecast at 1976's levels, despite the current strike which has cut production at many of the Federal Republic's most important steel plants, profits are expected to remain at about last year's level of just over DM 11m ($6m). Thus shareholders can look forward to at least a repeat of last year's DM 4 per share dividend.

The circular makes no men*tion of the likely dividend and*, therefore, it remains unclear whether holders can also expect a repeat of 1977's DM 1 per share bonus.

Kockums accepts state aid

BY WILLIAM DULLFORCE

STOCKHOLM—The Kockums shareholders yesterday accepted at an extraordinary general *meeting* the Skr 20m ($4.5m) state offer for the stock of their company, but not without some criticism of the government from their chairman, Mr. Nils-Hugo Hallenborg.

Parliament now has to approve—probably in March—the state purchase of the last major Swedish shipyard still in private hands. The state offer of Skr 7 a share compares with the Skr 50 nominal price of the shares and the Skr 10 to Skr 11 at which they were trading when dealings were suspended on the *Stockholm Exchange on November* 6.

Attempts to save Kockums were thwarted by the failure to find a buyer for the two LNG tankers it has been building on its own account at the Malmoe yard. The group had liabilities totalling Skr 5.4bn, of which the government had already guaranteed credits amounting to *Skr 3.4bn. About Skr 1.8bn* of the debt is owed to foreign banks and credit institutions.

Mr. Hallenborg told shareholders that the Board was *recommending the state offer* because the only alternative was bankruptcy but he criticised the way in which the government had handled the takeover negotiations.

● Pripps, Sweden's largest brewery, will not after all offer its shares for private subscription on the Stockholm Stock Exchange. The Liberal minority *government's proposal to sell* 9 per cent of the State's 60 per cent holding in the brewery group on the stock exchange was unexpectedly defeated on Wednesday in Parliament, by a combination of Social-Democrat opposition votes and pro-temperance MPs.

The parliamentary vote also means that Pripps' other owner, Beijerinvest, will not be able to sell 15 per cent of its shares in the brewery to its own shareholders. Instead Brygginvest, the State investment company set up by the new *Act*, will buy the 15 per cent. It will then hold 75 per cent of the Pripps stock, leaving 25 per cent in the hands of Beijerinvest.

ITALIAN BOURSE WATCHDOG

State appointment provokes catcalls

BY RUPERT CORNWELL

ROME—A storm has broken out in Italian financial and political circles over the proposed appointment of a prominent figure from the entertainment world to the Board of the Consob, the supervisory body for the country's ailing stock exchanges.

The Government's nominee—although no official announcement has yet been made—is Sig. Bruno Pazzi, vice-president of Associazione Generale Italiana Dello Spettacolo (AGIS) and a well known cinema and theatre proprietor.

The storm, which blew up immediately after the leak of the *decision to the Italian Press*, centres on the lack of any genuine expert qualification for the job on the part of Sig. Pazzi and allegations that he was picked only because of his close ties with the entourage of Sig. Giulio Andreotti, the Prime Minister.

It also provides none too promising a curtain raiser for the major nominations to giant *public corporations like IRI* and ENI, which are due any day now after months of intricate political maneouvering.

The nominee himself, although he was once a senior executive at the Genoa-based sugar company of Eridania, has admitted his lack of specialised knowledge and Sig. Filippo Forti, head of the Italian Stockbrokers Association, has publicly suggested that the choice is illegal, since the Consob statutes stipulates that its members must have "specific and proven experience" in the securities field.

On the political front, an even stronger onslaught has come from Sig. Urbano Aletti, a Christian Democrat senator and Milan Bourse president, and *Sig. Giorgio Napolitano, a senior* member of the Communist Party's central committee and *its top economics spokesman.*

In a letter to Sig. Andreotti, Sig. Aletti said his first reaction was to send a *telegram* consisting of the single word "shame." But on reflection he considered that the nomination might be the final detonator of real change, to produce a worthwhile and effective bourse agency.

Sig. Napolitano declared yesterday that the move "smacked almost of misconduct" and then *added witheringly, "I only hope* that the expert in striptease can persuade companies to bare their own balance sheets a little more." He flatly denied reports that the communists had been consulted over the choice.

Consob—or "Commissione Nazionale per le Societa e la *Borsa" to give it its full tile*—was set up in July 1975 amid high hopes that it might develop *into Italy's equivalent of the* U.S. Securities and Exchange Commission, and the catalyst of *a revival of the country's stock* exchanges.

But its record has been disappointing. Recent studies suggest that merely 2 per cent of savings find their way into quoted stocks and shares today against a figure of around 20 per cent in the 1960s. The *market* retains an unsavoury reputation for insider trading. Many major *transactions are channelled outside* it, while company disclosure rules are far from stringent.

In January, however, the Senate here is due to restart work on its proposals for an overhaul of stock exchange practice, including increased *powers for Consob to give it* sharper teeth. Experts from the Senate commission have made *fact finding visits to both* the London Stock Exchange and the Paris bourse.

Against this background, the selection of Sig. Pazzi has been widely seen as the last straw: conclusive proof of official indifference and of the insincerity of the Government protestations that it seriously means to try and reactivate the stock market.

But Sig. Napolitano, whose party is also backing efforts to help the bourse function more *effectively. yesterday* served notice that the communists may well raise the whole affair when *the senate* considers the whole problem next month.

Growth performance from Stinnes

BY JONATHAN CARR

BONN — Stinnes, the West German trading, transport and services enterprise, has announced a marked improvement in turnover and profits for this year and a big reorganisation for 1979. The latter is necessary *because of the deal* announced in June between Veba, in which Stinnes is a key subsidiary, and Deutsche BP.

Stinnes expects its annual turnover *to the end of* December to total DM 10.7bn ($5.8bn) or 8 per cent more than in 1977, with group profits rising by 14 per cent to *DM 108m ($58m)*. Major sectors contributing to the improved results included liquid fuels trading, self-service stores, transport and storage, and industrial services activities in the U.S.

Coal sales fell slightly by quantity — but price increases meant a rise of 13.6 per cent in sales value. The unusually cold weather meant bigger heating oil sales and the booming *construction* industry brought higher turnover of building materials. But profits were down in domestic chemicals trading.

Under the Veba-BP deal, Stinnes loses to BP the Stinnes-Stromeyer Brennstoffhandel (fuels trading) organisation and the Stinnes-Fanal petrol station chain. These two together make up an annual turnover of *about DM 2.5bn* and *employ* about 2,500.

However, in return Veba is to receive, among other things, DM 800m from BP. Stinnes *clearly feels that the necessary* reorganisation combined with an injection of extra funds will enable it to expand and improve important remaining *sectors of its activity.*

Its plans include a strengthening of its international fuels trading through Stinnes-Intercoal and Stinnes Interoil, a rearrangement of its building materials business, establishment of chemicals trading distribution centres in *the U.S.* and an extension of its ores and minerals trade in North and South America.

The Veba-BP deal has been *forbidden in its present form* by the Cartel office — and the matter has now gone before the Economics Minister.

Massey-Ferguson Australia returns its heaviest deficit

BY JAMES FORTH

SYDNEY — Massey-Ferguson Holdings (Australia), the local offshoot of the Canadian agricultural machinery group, suffered *a loss of A$8.3m (U.S.$7.24m)* in the year to October 31. This is the heaviest deficit since the group was formed in 1930. It compares with a loss of A$963,000 and follows a deficit of A$3.3m in the first half of the year.

The setback followed a 10 per cent drop in sales, from A$98.9m to A$89m (U.S.$102.3m), reflecting the depressed state of much of the rural industry during 1977-78. However, the directors are confident that the worst is over for the group because of a solid improvement recently in the rural industry, particularly *in wool, wheat and meat.*

Mr. M. E. Davis, the managing director, told a Press conference in Melbourne yesterday that Massey-Ferguson could make a profit in 1978-79 with the current level of activity. He said the group would probably *need a 10 to 15 per cent lift in* sales to achieve such a result, but this was only a 3 to 8 per cent increase in real terms.

Mr. Davis added that group sales and profits in the first quarter were comparable or above last year's. The Australian company's ordinary shares are all owned by Massey-Ferguson of Canada but the preference shares are held in Australia.

Malayan Cement steady

BY WONG SULONG

KUALA LUMPUR—Profits at Malayan Cement Berhad, the leading Malaysian cement manufacturer, for the financial year ended November, were almost the *same* as the previous year, despite buoyant demand for its products by the Malaysian construction industry.

The company pointed out that this was because the company had to bear rising costs, while the Government continued to refuse an increase in prices. In Singapore, the continuing existence of considerable surplus capacity ensured that the situation remained *highly competitive.*

Pre-tax profits amounted to 5.3m ringgits ($2.43m), and a tax of 2.1m ringgits is expected. A *final dividend of* 12.5 per cent is declared, bringing the total for the year to 22.5 per cent, the same as the previous year.

Sales up but profits fall for Fuji Photo

TOKYO—Net profits for the Fuji Photo Film Company for the year ended October 20 fell 11.6 per cent to Y12.43bn *($64.4m)* from Y14.07bn the year before.

Sales, however, rose 4.9 per cent to Y278.79bn from Y265.89bn.

Exports in the year totalled Y67.58bn, down 1.6 per cent from Y68.65bn the year before.

Exports to the U.S. were Y22.05bn, down 4.3 per cent *from Y23.06bn a year earlier* whereas those to Europe totalled Y24.48bn, up 2.6 per cent from Y23.87bn. Exports to Asia were Y13.71bn, down 2.8 per *cent from Y14.10bn.*

The company attributed the profit fall chiefly to foreign exchange losses caused by the yen's steep appreciation, which *amounted to Y15bn. However,* more than 80 per cent of exchange losses was offset by mark ups in export prices, cost reduction and a decline in material costs.

Fuji expects this year's net profits to rise to Y13.5bn, ap*proximately 5 per cent higher* than the recently completed financial year. It hopes for an 8 per cent increase in sales for the year to next October 31, to Y300bn.

The company will continue efforts to reduce production *costs and cope with a possible* appreciation of the yen value against the dollar by setting its own exchange rate of Y185 a dollar for the year.

Agencies

Increase for HK Realty

By Anthony Rowley

HONG KONG — Hong Kong Realty and Trust Company, a property and development offshoot of the Wheelock Marden group, raised its pre-tax profits *by 29.3 per cent to HK$46.6m* (U.S.$9.7m) for the first-half of its financial year.

The increase, for the six months to September 30, arose from a general improvement in the results achieved by group companies. It was accompanied by a *maintained dividend of 7* cents per "A" share and 1.4 cents per "B" share. A total distribution of not less than 17 cents an "A" share and 3.4 cents a "B" share, is forecast for the full year.

Profits after tax and minority interests for the half year was HK$22.8m, to show a gain of 31.2 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bo nd issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amr Akt. 9½ 83	25	94⅜	94⅞	−0¼	−0⅞	10.14
Australia 8.45 83	125	95½	96	−0¼	−1½	9.89
Australia 9½ 93	75	97⅝	98	0	−1½	9.63
Beatrice Foods 7⅞ 83	100	93⅛	93⅝	−0¼	−1¼	9.62
CECA 8¾ 87	50	94½	95	−0⅜	−0¾	9.69
CECA 9 93	25	96¼	96⅞	−0¼	−0⅞	9.46
CECA 9¼ 98	25	98½	98⅞	0	−0⅞	9.41
CNT 9 93	75	94½	95	−0⅜	−1½	9.68
Canada 8 83	250	94	94½	−0¼	−1	9.90
Canada 8.30 85	250	92⅞	93⅜	−0⅜	−1⅛	9.83
Canada 8⅞ 98	250	92	92⅛	0	−1⅛	9.72
Canada 9 83	400	97⅛	97⅜	−0¼	−1¼	9.89
Canada 9¼ 98	350	97⅜	97⅝	−0⅜	−1⅜	9.74
Canadair 8¾ 83	70	94⅜	94⅞	−0¼	−1⅛	10.02
Dominion Bridge Co. 9 86	25	93⅛	93⅝	−0⅜	−0⅜	10.26
EIB 9¼ 98	125	96	96½	−0⅜	−0¼	9.76
Ekspertfinans 9 88	50	95¼	96¼	−0¼	−1½	9.74
Finland 8⅞ 83	100	95⅛	96¼	−0⅞	−1	10.16
Finland 9 88	100	94⅞	95⅛	−0¼	−1½	10.02
Hospital O/S 9 83	25	96½	97	0	−0⅜	9.87
Ind Finance 9⅞ 00	20	91⅞	92⅜	−0⅜	−1⅜	11.34
J. C. Penney 8¾ 83	100	95½	96	0	−1	9.66
Mac Bloedel 9¼ 93	50	95¼	95⅝	−0¼	−1⅞	9.86
NZ Dev. Fin. 8¼ 83	20	93⅝	93⅞	−0¼	−1	10.02
NZ Dev. Fin. 8¾ 85	25	95	95⅜	−0¼	−1⅞	9.82
Nat. West. 9 86	75	96⅝	97¼	−0⅜	−1⅛	9.58
Newfoundland 9½ 90	50	96½	96⅞	−0⅜	−1⅜	9.76
Nord Inv. Bk. 8⅞ 85	25	95	95½	−0⅜	−1⅛	9.52
Norges Komm. 9½ 98	75	96	96½	−0¼	−1⅛	9.76
Norsk Hydro 9¼ 94	50	96⅜	96⅞	0	−0⅜	9.68
Norway 7⅞ 83	250	92⅞	93⅜	+0¼	−0⅜	9.94
Norway 8⅞ 83	150	96	96½	−0⅜	−1⅜	10.03
Occidental 8⅞ 85	75	92⅞	92⅞	0	−1	10.51
Ont. Hydro 8¾ 85	125	93⅜	93⅞	−0¼	−1⅛	9.86
Quebec Hydro 9¼ 93	50	97⅛	97⅝	−0¼	−1⅛	9.82
Sweden 9¼ 98	125	97⅛	97⅞	−0⅜	−0⅜	9.76
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Casio Comp. 3¾ 85 DM	11/78	841	99½	100½	−1½	3.27
Izumiya 3½ 86 DM	10/78	989	95½	96⅞	−1⅛	0.06
Jusco 3¾ 86 DM	1/79	1270	90¼	91⅛	−1⅛	10.51
Konishiroku 3½ 85 DM	1/79	612	90½	91½	−2⅜	2.33
Marudai Food 3½ DM	2/79	1033	96½	97⅞	−1⅛	11.76
Murata Man. 3½ 88 DM	11/78	854	94	95	−1	−2.41
Nippon Air. 3.5 88 DM	12/78	508	89⅞	92⅞	−0⅛	3.93
Nippon Shinpan 3⅞ DM	8/78	738	110⅞	111⅞	−1⅛	1.59
Nippon Yusen 3½ 85 DM	1/79	251	95¼	96¼	−1⅛	0.59
Nissan Diesel 3½ 86 DM	2/79	477	92¼	93¼	−1⅛	9.16
Olympus Optical 3½ 85 DM	2/79	738	96¼	97¼	−1⅛	−2.33
Ricoh 3½ 86 DM	10/78	417	99⅞	100⅞	−0⅛	10.63
Sankyo Electric 3⅞ DM	8/78	869	108⅞	109⅞	−1	7.29
Sanyo Electric 3½ DM	11/78	295	88¼	89¼	−0⅞	5.67
Seiyu Stores 3⅞ 86 DM	9/78	1275	110¼	111¼	−0⅞	−4.38
Sharp Corp. 3½ 86 DM	2/79	487	90¼	91¼	−1⅛	−2.62
Stanley Electric 3½ DM	11/78	623	91½	92½	−1⅛	8.99
Tokyo Electric 3½ 87 DM	4/79	476	94⅞	95⅞	−1⅛	−3.09
Trio-Kenwood 3½ 86 DM	11/78	711	87⅞	88⅞	+0⅛	13.29

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FOOD PRICE MOVEMENTS

	December 21 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	*1,110*	*1,110*	*1,110*
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton¶	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	12.61/13.40	12.61/12.74	12.61/12.74
English per cwt†	81.11	77.30/81.11	79.14
Danish salted per cwt†	80.98/83.72	80.98/83.72	79.14
CHEESE¶			
NZ per tonne	—	1,225	1,200
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	3.00/3.20	3.20/3.40	3.10/3.40
Size 2	3.90/4.00	4.20/4.40	3.70/4.00
	December 21 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	—	55.0/59.0	54.0/58.0
Eire forequarters	—	34.0/37.0	34.0/37.0
LAMB			
English	—	48.0/52.0	50.0/54.0
NZ PLs/PMs	—	—	—
PORK (all weights)	—	35.0/46.0	35.0/46.0
POULTRY			
Broiler chickens	33.0/38.0	35.0/38.0	35.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery December 23-30.

Early extension of Wall St. technical rally

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—82¼% (80¾%)
Effective $2.0010 40¼% (39¾%)

THE MILD technical recovery of the past two days on Wall Street was continued yesterday morning in active trading.

The Dow Jones Industrial Average was 3.20 firmer at 796.86 at 1 pm, while the NYSE All Common Index added 18 cents at $53.01 and rises outscored declines by nearly a two-to-one margin. Turnover reached 20.10m shares, against Wednesday's 1 pm level of 19.06m.

Closing prices and market reports were not available for this edition.

Analysts said the ability of the market to pick up in the face of mostly negative news on interest rates and inflation was encouraging and drew some buying interest. Also, volume is somewhat stronger than in recent weeks.

However, they noted that with U.S. money supply figures due after the close, the market could remain in a narrow trading range through the day.

Active **Occidental Petroleum** gained ⅜ to $16. The company has dropped plans to acquire **Mead**, which slipped ⅜ to $23½.

Dictaphone jumped 4¾ to $25. It is backing a Pitney-Bowes' bid to acquire its shares at $28 each. **Pitney-Bowes** eased ⅛ to $23⅝.

Boeing advanced 1⅝ to $73. With an order backlog of about $3bn already, it has now received orders for nine more jet aircraft.

Du Pont gained 1½ to $123¼, **Smithkline** 1⅞ to $91⅞, **General Dynamics** 1⅞ to $79⅞, **Digital Equipment** $1 to $50¼, **Texas Instruments** 1¼ to $78⅞, **Amstar** 1⅛ to $15⅞ and **Bally Manufacturing** 1⅛ to $40¼.

Gold shares were weak, but Petroleums gained further ground. Among the actives, **Texaco** added ⅛ at $23⅞ and **Exxon** ⅛ at $49. **Standard Oil (Indiana)** rose $1 to $56⅜ and **Atlantic Richfield** ⅜ to $57.

THE AMERICAN SE Market Value Index gained 0.93 more to 148.33 at 1 pm in a fair business. Volume 2.50m shares (2.21m).

Executone advanced 1⅞ to $15¼. **Continental Telephone** has agreed to buy Executone for stock. Continental, on the New York exchange, eased ⅛ to $14¼.

Topps Chewing Gum climbed ½ to $7⅞ after reporting higher third-quarter profits and projecting increasing full-year earnings. **Iroquois Brands** slipped ⅜ to $33⅞. It is to pursue merger talks with several companies but has received no new offers.

Canada

The recent hardening trend was continued on Canadian markets in active early dealings yesterday. The Toronto Composite Index was 4.0 higher at 1,284.5 at midday, while Oils and Gas remained a buoyant sector, rising 22.7 on index to 1,803.6. Metals and Minerals put on 4.2 to 1,071.0 and Utilities 0.80 to 194.49, but Banks shed 0.92 to 303.88.

Among Oils, **Dome Petroleum** gained 2¼ to C$94⅞, **Imperial Oil "A"** ¼ to C$23¾, **BP Canada** ¾ to C$20 and **Alberta Energy** ⅜ to C$19⅞.

Commonwealth Holiday Inns rose ⅜ to C$7⅜ on higher year earnings.

Tokyo

Mainly on active selling by corporations, the Tokyo stock market fell sharply over a wide front.

The Nikkei-Dow index declined 101.50 to 5,873.17, its largest one-day fall since retreating 126.48 to 4,597.26 on November 24 last year. The Tokyo SE index receded 5.85 to 440.71, while trading volume was a sizeable 460m shares although below Wednesday's 620m.

One broker said "There was a rumour in the market that the Bank of Japan and Finance Ministry authorities are considering restricting new loan lending by commercial banks in the first three months of next year. Another rumour circulating was that Ministry of Finance authorities may move to strengthen tax regulations involving purchases of securities."

He added, however, that "the rumours were not true, they are mere rumours. The drop in share prices can be attributed to profit-taking by corporations before the year-end."

Steels and Heavy Electricals, which led the recent rise, were also prominent in yesterday's decline, with **Nippon Steel** falling Y6 to Y130, **Hitachi** Y8 to Y257 and **Mitsubishi Electric** Y7 to Y190.

Pharmaceuticals, Oils, Light Electricals and Non-ferrous Metals also moved lower, along with some Marine Products issues.

However, some speculative issues and Electric Power Producers were firmer.

Kokusai Denshin Denwa lost Y100 to Y4,300, **Matsuhita Seiko** Y80 to Y1,120, **Taihei Dengyo** Y70 to Y1,130, **TDK Electronics** Y70 to Y1,690, **Pioneer Electronic** Y70 to Y1,500, **Santen Pharmaceutical** Y60 to Y1,230, **Yokogawa Bridge Works** Y60 to Y1,190 and **Yuken Kogyo** Y53 to Y436.

Resisting the downtrend were **Kaken Chemical**, up Y30 at Y2,140, **Kokuriku Electric Power**, Y20 harder at Y1,200, **Seitetsu Kagaku**, Y15 higher at Y210, and **Hokkaido Electric Power**, Y10 firmer at Y1,030.

Paris

Share prices strengthened across the board in active trading, with the Bourse Industrials index rising 0.9 to 77.2.

The market's rise was mainly attributed to buying by small investors wishing to take advantage of tax concessions on share purchases made before the end of the year.

Bouygues advanced 28 to FFr 926, **Afrique Occidentale** 26 to FFr 397, **Imetal** 3.0 to FFr 53.2, **Paribas** 2.1 to FFr 210.1, **Pernod-Ricard** 12 to FFr 320, **Telemecanique** 23 to FFr 823 and **Peugeot-Citroen** 8 to FFr 489.

Germany

Market tended to improve afresh, lifting the Commerzbank Index 3.4 more to 817.7.

AEG was actively traded in the Electricals sector and gained DM 1.30, while **Volkswagen** added DM 1.50 in Motors.

Deutsche Babcock, which the previous day reported higher earnings for 1977/78 and an unchanged dividend, rose a further DM 6.

In Banks, **Bayernhypo** moved ahead DM 3.50 more, while elsewhere, **Krupp** strenghtened DM 2.90 and **Preussag** DM 2.70.

After the recent weakness, Public Authority Bonds were mostly steady yesterday. The Bundesbank sold DM 5.5m of paper after purchasing DM 8.9m on Wednesday.

Australia

In rather slow pre-holiday trading, Industrials were inclined to harden, along with some Mining leaders, but Oils displayed an easier tendency.

Market leader **BHP** was also in dull mood, losing 4 cents to A$8.70 just before the close after the company announced that both its Queensland oil drilling wells were dry. The Bass Strait Fortescue well result, however, was up to expectations.

Among the Oils sector, **Ampol** and **Bridge** both shed 5 cents, while **Vamgas** lost 3 cents and **Beach** 2 cents.

Among Minings, **CRA** gained another 5 cents to A$3.48 and **MIM** put on 4 cents more to A$2.47, while **Western Mining** hardened 2 cents to A$1.68.

Small gains occurred in Retailers in the wake of a prediction of good December sales, with **Woolworths** A$1.54 and **Waltons** 70 cents, firming 2 cents apiece.

Banks edged forward, with **ANZ** adding 3 cents and **CBC** 2 cents.

Hong Kong

Stocks remained firmer-inclined in slack trading, the Hang Seng index rallying 3.44 more to 502.23.

News of a sharp rise in Hong Kong's November visible trade deficit to HK$1.24bn from HK$402m in November, 1977, came too late to affect the market.

Hongkong Bank improved 30 cents to HK$17.60 and **Hong Kong Land** 10 cents to HK$7.80, while **East Asia Navigation** gained 5 cents to HK$4.65.

Hong Kong Wharf rose 20 cents to HK$ 26.70, but the 7.75 per cent Loan declined HK$2¼ to HK$79.50 on higher interest rate fears.

Switzerland

Widespread gains were scored in brisk trading, helped by a firmer dollar and Wall Street overnight improvement.

Nestle rose 45 to SwFr 3,140, **Sandoz** 50 to SwFr 3,825, **Swissair** 14 to SwFr 799 and **BBC "A"** 30 to SwFr 1,670.

Domestic and Foreign Bonds edged higher in livelier trading.

Amsterdam

Stocks were in good form, buoyed by the stronger dollar.

Unilever and **Royal Dutch** advanced Fl 2.20 and Fl 2.60 respectively in Dutch Internationals.

Elsewhere, shares with gains ranging between Fl 2 and Fl 3 included **Nationale Nederlanden, Algemeine Bank, KLM, Naarden, KNSM,** and **OCE-Van der Grinten**.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Dec. 20	Dec. 19
U.S. Treas.4%1980	†93½	†93⅞
U.S. 90-day bills	9.19%	9.17%

† Bid. ‡ Asked. § Traded. ‖ New stock.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.360	3	12.40	—	—	—	—	F.369.50
ABN	F.370	—	—	6	19.10	—	—	„
ABN	F.380	5	2.60	—	—	—	—	„
AKZ	F.25	1	4.10	—	—	—	—	F.28.70
AKZ	F.27.50	—	—	—	—	2	4.30	„
AKZ	F.30	36	0.40	30	2.30	2	3.20	„
AKZ	F.32.50	15	0.20	110	1.20	13	2.50	„
AKZ	F.35	—	—	7	0.80	7	1.40	„
ARB	F.70	—	—	2	8.50	3	9.50	F.75
ARB	F.75	—	—	—	—	4	5.50	„
CSF	F.400	—	—	10	24.70	5	34.20	F.392
CSF	F.440	—	—	5	10.60	—	—	„
GOB	F.160	—	—	7	4.40	14	7.10	F.148
HO	F.32.50	—	—	8	4.50	—	—	F.34.40
HO	F.35	—	—	37	3.30	—	—	„
HO	F.40	15	0.20	4	1.30	—	—	„
HO	F.45	—	—	28	0.50	—	—	„
IBM	$240	6	46¼	—	—	—	—	$284⅜
IBM	$280	31	9½	—	—	—	—	„
IBM	$300	27	2⅛	5	10⅛	11	16½	„
KLM	F.120	6	5.50	3	9.40	2	14.50	F.123
KLM	F.130	13	1	20	4	3	10	„
KLM	F.133.30	7	1.50	—	—	—	—	„
KLM	F.140	—	—	8	3	17	6	„
KLM	F.1.50	—	—	3	2	5	3.70	„
KLM	F.152.40	8	0.20	—	—	—	—	„
KLM	F.160	—	—	3	1.50	—	—	„
KLM	F.170	—	—	—	—	1	1	„
NN	F.98.90	1	11.80	—	—	—	—	F.109.40
NN	F.110	—	—	6	6.50	—	—	„
PHI	F.22.50	27	2.70	—	—	—	—	F.24.70
PHI	F.25	32	0.60	31	1.60	75	2.20	„
PHI	F.27.50	—	—	10	0.70	—	—	„
PHI	F.30	10	0.10	375	0.40	10	0.80	„
PRD	$50	5	2⅞	—	—	—	—	$49½
PSA	F.480	—	—	—	—	5	57.60	F.488
PSA	F.520	—	—	10	23.70	—	—	„
PSA	F.560	—	—	3	11	4	22.40	„
RD	F.120	25	4	5	7.40	12	9.30	F.122.30
RD	F.130	12	0.70	—	—	4	3.50	„
UNI	F.120	10	2.50	—	—	—	—	F.121
UNI	F.130	—	—	5	1.50	—	—	„
XON	$50	—	—	16	2½	—	—	$49
		Feb.		May		August		
BA	$80	2	2½	—	—	—	—	$71⅞
SLB	$90	2	4½	—	—	—	—	$90

TOTAL VOLUME IN CONTRACTS 1252

هكذا من الأصل

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

COMMODITIES, RAW MATERIALS and AGRICULTURE

هكذا من الأصل

China will quadruple wool buying

CHINA IS committed to a big to a big expansion and modernisation of its wool textile industry and expects to import a record 140,000 bales of Australian wool in 1979.

This is around four times more than the present annual figure, according to the International Wool Secretariat.

Quoting the chairman of the Australian Wool Corporation, Mr. Alf Maiden, yesterday the IWS said China was also looking for a large growth in exports of wool textiles and increased domestic consumption as living standards rose.

He added the Chinese sheep industry could not be expected to develop the capacity for the production of high quality fibre which could be substituted for Australian wool.

Mr. Maiden said he understood Australia would have a major share of the continuing increase following the proposed modernisation and expansion plans of the Chinese wool textile industry.

The AWC also welcomed news of the Chinese intention to apply for membership of the Woolmark programme conducted by the IWS.

Future of Fleetwood fish dock hangs in balance

BY RICHARD MOONEY

THE FATE of 178 onshore workers at the Lancashire port of Fleetwood was discussed in London yesterday when Ministry of Agriculture officials met members of the Fleetwood Trawler Owners' Association which has threatened to go into liquidation because of escalating losses.

The Association operates unloading and other ancillary services at the port.

No statement was issued following the talks but it is thought the owners were warned that a promise of Government aid might be withdrawn unless they undertook to keep dockside services at the port going.

Last week the Ministry pledged £1.2m to cover half this year's dock and landing charges at Fleetwood, Hull and Grimsby. It was later estimated that Fleetwood's share would work out at about £180,000. The Association had requested a direct payment to cover its losses, estimated this year at £150,000.

But the money would be paid to the owners themselves and it appears that they are reluctant to pass it on to their association. Last Friday, a few days after the Ministry announced its grant offer, Mr. Mark Hamer, the general manager, announced that the association would go into liquidation anyway.

This decision was described as "diabolical" by Mr. Alf Davies, Blackpool and Fleetwood district secretary of the Transport and General Workers' Union, which represents 138 dockside workers at the port. "They have pocketed the money and run away," he declared.

Mr. Davies immediately asked Mr. John Silkin, the Agriculture Minister, to withdraw the aid offer.

Mr. Silkin stated on Wednesday that account would be taken of new developments before an order enabling the money to be paid was laid before Parliament. This was taken as a thinly-veiled threat that the Fleetwood owners might not, after all, get their £180,000.

An association spokesman yesterday explained the reasoning behind the owners' attitude. He said they were losing money and were not in a position to pass any extra funds that came their way on to the association, "where they would simply drain away." The Association already owes the vessel owners "scores of thousands of pounds" he added.

But since the owners hold all the shares in the association the Government evidently regards money paid to them as synonymous with money paid to the association. If the grant is not going to reach its intended beneficiary it will probably not be paid at all.

There is no denying the problems being faced at Fleetwood. The Vessel Owners' Association employs 118 dockers, far more than is necessary to handle the diminishing work-load at the port. At the beginning of this year 39 trawlers operated from Fleetwood but has since shrunk to 19.

But the men are officially employed by the National Dock Labour Board, a statutory body, and enjoy almost total security of employment. They can only be disposed of voluntarily and would even then be entitled to severance pay averaging £6,000 a man. It would therefore cost the association more than £250,000 to bring its workforce down to a realistic level.

If the association folds the dockers will simply become "unattached," not unemployed. But the 52 other people it employs (mostly in administration) could find themselves on the dole.

It is possible, however, that even if the association sticks by its decision to go into liquidation ancillary facilities at the port could be kept going.

Mr. Davies said some merchants and transporters ha' expressed their willingness to join in a scheme to take over the association's functions and Wyre Borough Council has authorised a loan or grant (of unspecified amount) to any new organisation set up to land fish.

Pressure over cotton export ban

By Our Commodities Staff

COTTON BUYERS need to know by the end of next week at the latest whether Pakistan is going to honour its export commitments, Mr. A. J. K. McBride, chairman of the European Cotton Merchants Association, emphasised yesterday.

Mr. McBride was commenting on a Reuter report from Islamabad quoting diplomatic sources as saying that Pakistan wil buy cotton on the world market if necessary to fulfil existing export contracts.

However the report added that the Pakistan Government expected to review the situation in six weeks after assessing the size of this year's cotton crop.

Mr. McBride said a six-week delay was totally unacceptable. Cotton spinners needed to know, prior to the start of January deliveries, whether they would get Pakistan cotton or would have to seek alternative supplies. He pointed out that rumours of Pakistan possibly preparing to buy in cotton from world markets were not the same as a firm statement of policy.

Pakistan announced earlier this month it was banning cotton exports because a poor harvest might mean there were insufficient supplies to meet its domestic requirements.

CEREAL GROWING

Fair-to-all grain tests needed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

WHEN I STARTED farming it was still the custom for some Wiltshire farmers to take a sack of grain weighing 2 or 2¼ cwts to Salisbury Market Hall.

This sack represented the bulk of the farmer's parcel, and delivery would be made on the basis that the bulk was up to sample.

It was a fairly cumbersome procedure and fell out of favour at the end of the thirties, to be replaced by a small sample in an envelope or sample bag. On this the deal was made and as long as the delivered grain was up to the standard of the sample nothing more was needed.

There were, of course, disputes. Grain in store can deteriorate, or the samples might not have been fully representative. But on the whole the system worked well.

Until about 10 years ago the buyers worked by eye and experience. Milling wheat, for instance, was judged by what the miller called "strength"—a mysterious appearance of the grain—together with his assessment of gluten, the element in wheat which causes dough to rise. The test for this was simply a matter of chewing the grain, and the buyer's decision was then final.

But now science has raised its ugly head. Milling wheat is now tested for protein by the Hagberg method which demonstrates millability and gluten content by a series of laboratory tests. Malting barley is judged on the percentage of nitrogen—the lower the better the quality.

Buyers not only test the original sample but every individual lorry-load is separately tested. If it fails to meet the criterion of the earlier sample it is rejected.

This can also be most expensive for the farmer. The cost of haulage is becoming astronomical, and the price differential when wheat is downgraded from milling to feeding quality is substantial.

I am not a scientist and I have no idea as to the accuracy of the tests in use. But they do seem to vary. I grew two varieties of milling wheat this year, drew a sample from each and divided each sample into four smaller ones which I sent to four separate buyers.

The protein content of one variety varied from 9.8 to 10.6—the other varied from 9.2 to 10.1. The Hagbergs of both showed a variation from 216 to 260. The very minimum protein standard for breadmaking wheat this year is, I understand, 10.5.

It was obviously going to be foolish to attempt to sell the high protein wheat on that sample alone. However I did sell the other as soft milling wheat and delivery started. Two loads went in all right and then one was turned down for an absence of gluten.

This upset me considerably as there is no mention of gluten in the contract and as far as I know there is no statutory standard, except that by custom milling wheat has to contain an unspecified amount. There were 120 tonnes in this parcel, and of this one load was rejected on this test.

What I can't understand is why one load should go down out of the whole lot as the whole parcel had been treated identically after harvest in drying and cleaning. The grain was up to sample and on the basis of earlier practice acceptance would have been enforced and, perhaps, it could still be enforced today. The whole situation is likely to aggravate the misgivings among farmers over the accuracy of the tests against which there appears to be no appeal.

Farmers don't even know if there is a common standard of performance for the testing processes and tolerances within which to work. Not only traders are involved.

It is quite possible that before long sizeable quantities of grain, probably barley, will be sold in to intervention to stop market prices falling too low. Intervention standards are very strict and the stores are often situated a long way from the grower. Although there is a standard delivery charge of about £3 per tonne at present, the return load, if rejected, can cost twice that.

There is also the export trade. Recently there have been rejections on the dockside for various reasons, again leading to greatly increased cost to the grower and bad feeling all round.

Nothing, of course, excuses deliberate delivery by the farmer of grain not up to standard. But if it has been well sampled and is up to standard, the farmer has done his part.

He should not, I believe, be penalised as a result of tests which are completely out of his knowledge or control. There is obviously room here for a common and universally agreed testing procedure so that the results do appear to be fair to all.

India may end pepper tax

NEW DELHI—The Central Government has started discussions with the Kerala Government on the possibility of exempting export pepper from a recently introduced sales tax, the Press Trust of India reported yesterday.

Exporters complain the tax, which totals 7.08 per cent, has made the price of Indian black pepper uncompetitive in world markets.

Pepper exports between April and October, 1978, were 4,889 tonnes, compared with 10,465 in the same 1977 period.

Reuter

CHINESE FIND MANGANESE

PEKING — Two Chinese research vessels have found valuable reserves of manganese nodules in the Pacific Ocean, the New China News Agency said.

It did not say where the nodules were found, but said they were between 3,000 and 5,000 metres deep.

German chrome stockpile urged

BY ADRIAN DICKS

DUESSELDORF—The West German Government's reluctance to embark on a policy of stockpiling strategic raw materials was challenged yesterday by one of the country's leading users of scarce metals.

Herr Alfons Goedde, spokesman for the executive Board of Thyssen Edelstahl-Werke, the special steels subsidiary of the Thyssen steel group, called on Bonn to finance a stockpile of chrome equivalent to two years' consumption in order to guard against the political risks to supplies from Southern Africa.

Two years supply of chrome to the West German market would cost something between DM 300m and 400m (£80m to £107m), to which would have to be added interest costs and storage charges.

Herr Goedde did not specify how the Government contribution towards the stockpile should be paid, but stressed that the sums involved were too great for the industry to bear alone.

Herr Goedde described the political risks to chrome supplies as the responsibility of the Government, not of the industry. He argued that access to the strategic stockpile ought to be automatic, rather than subject to Government decisions, as in the case of the U.S. model.

In early October, a meeting of senior officials and representatives of West German industry at the Economics Ministry concluded that there was no general case for a strategic stockpile along the lines of the American one.

However, officials went some way towards recognising the special vulnerability of industries dependent on metal such as chrome, manganese, cobalt and platinum. The fear in both industrial and official circles, even if not directly stated, is that United Nations sanctions against South Africa could stop shipments.

Herr Goedde warned that without chrome, specifically, large sections of the special steels industry would be unable to keep working.

The official attitude in Bonn has been to encourage users of potentially scarce materials to build up their own stockpiles to higher levels and to cover the cost of this themselves.

Copper price rise next year forecast

By Our Commodities Editor

WORLD COPPER prices will rise in 1979 to between 80 to 90 cents a pound—an increase of about 10 cents above present levels—Mr. Ehonosuke Niwano, president of the Japan Mining Association, forecast in Tokyo yesterday.

Mr. Niwano told Reuters that world copper demand was likely to exceed production by about 200,000 tonnes next year.

This, together with an estimated deficit of 300,000 tonnes in 1978, should substantially reduce world stocks of about 2m tonnes.

Meanwhile, there were unconfirmed reports yesterday that the Andina copper mine in Chile had been flooded and might be out of action for two to three months.

Irish act to curb calf exports

BY CHRISTOPHER PARKES

THE IRISH Government has taken action to stem the flood of calves to Italy which has forced prices up to levels too high for Ireland's fatteners and drained away stock needed for domestic beef farms.

The action includes measures to delay shipment, tighter control over the amount of space given to each animal in the air transport, and moves which seem likely to force exporters to establish housing and feeding facilities close to airports.

Mr. John Corr, chief executive of the Irish Livestock and Meat Board (CBF) said he thought the controls would have only a marginal effect on the trade. But sources close to the Minister of Agriculture said shipments might be cut by as much as 50 per cent.

Exports of calves to France and Italy in particular have grown from virtually nil early in the 1970s to 138,000 head this year. Sales took off first in 1975 when the Italians first discovered the Irish reserves of young calves.

Exports then were 75,000 head. The following year sales were 68,000.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Fluctuated mildly on the the London Metal Exchange with forward metal climbing initially from £792 to £794 on the fall in the pound before meeting resistence. The price fell away to £789 and, although Comex started lower, held around £790 in the afternoon before news of flooding at a Chilean mine caused a rise to £793.5. The close on the Kerb after a day of quiet trading was £791. Turnover: 23,475 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £775.5, 75, three months £792, 93, 92.5, 92, 91.5, 92, 91.5, 91. Cathodes, three months £778.5, 78. Kerbs: Wirebars, three months £790, 89.5, 89, 88.5, 89. Afternoon: Wirebars, three months £790, 90.5, 91, 92, 92.5, 93. Cathodes, three months £780.5. Kerbs: Wirebars, three months £793, 92.5, 92, 91, 90, 91.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	774.5	—1.75	777-8	+3.5
3 months	790.5	—2	793-.5	+2.5
Settl'm't	775	—2	—	......
Cathodes				
Cash	758.5-60.5	—1.25	762-.5	+1.5
3 months	778-.5	—1.25	780-.5	+1
Settl'm't	760.5	+1	—	......
U.S. Smt.	—	......	*72	......

TIN — Lower as the forward price slipped down from £6,910-£6,930 to £6,830 with some stop-loss selling accentuating movements in a thin market. The East was lower overnight. In the afternoon the price drifted down from £6,850 to £6,800 before steadying to close on the Kerb at £6,830. Turnover: 925 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6930-50	—80	6900-10	—85
3 months	6880-95	—82.5	6845-50	—80
Settlem't	6950	—75	—	......
Standard				
Cash	6925-45	—77.5	6900-10	—80
3 months	6870-80	—87.5	6845-50	—75
Settlem't	6945	—70	—	......
Straits E.	‡$1797	—7	—	......
New York	—	......		

Morning: Standard, three months £6,910, 6,880. Kerbs: Standard, three months £6,860, 30, 40, 35, 30, 40, 50, 55, 50. Afternoon: Standard, cash £6,910, three months £6,860, 55, 50, 51. Kerbs: Standard, three months £6,840, 30, 25, 20, 10, 05, 6,800, 10, 15, 20, 25, 30.

LEAD—Lower after moving narrowly in thin trading with movements influenced by the changing rates on the foreign exchanges. After starting at £400-£402, forward metal moved up to £403.5 but then drifted to £400 before closing on the Kerb at £401.5. Sales: 4,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	422-.5	—6	419.5	—4.5
3 months	401.5	—5	400.5	—4.5
Sett'ment	422.5	—6	—	......
U.S. Spot	—	......	*36.36	......

Morning: Cash £420, 22, three months £403, 2.5, 2, 1, 400. Kerbs: Three months £402, 1.5, 1, 400.5. Afternoon: Three months £401, 1.5, 1, 400, 1. Kerbs: Three months £401.5, 1, 1.5.

ZINC — Slightly easier in a thin market lacking stimulus. Forward metal traded within a narrow range, moving from £351 to £353, back to £350 and then to a close on the Kerb of £351. Turnover: 3,725 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	341-2	—1.5	340-1	—.75
3 months	351-.5	—2.25	350.5-1	—1
S'ment	342	—1.5	—	......
Prim.west	—	......	*35.5-4.5	......

Morning: Three months £352, 51.5. Kerbs: Three months £351, 50. Afternoon: Three months £351. Kerbs: Three months £350.

SILVER — Mover narrowly in light trading. Forward metal held around £622 and £623 before closing on the Kerb at £623.5 in a market lacking fresh features. Sales: 225 tonnes.

Aluminium	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot	—	......	—	......
3 months	622-3	+1.25	622.5	+2.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Mid-January £625, three months £622. Afternoon: Three months £623.

SILVER

Silver was fixed 1.95p an ounce higher in the London bullion market yesterday at 298.65p. U.S. cent equivalents of the fixing levels were: spot 594.3c, down 3.8c; three-month 608.0c, down 4.0c; six-month 623.0c, down 3.6c; and 12-month 657.5c, down 2.4c. The metal opened at 296½-297½p (597-598½c) and closed at 297¾-298¾p (595-596½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	298.65p	+1.95	298.1p	+0.8
3 months	306.1p	+1.75	305.65p	+0.5
6 months	314.1p	+1.85	—	......
12 months	330.4p	+2.4	—	......

LME—Turnover 232 (127) lots of 10,000 ozs. Morning: Cash 298.3, three months 305.9, 306, 5.9. Kerbs: Three months 305.5, 5.6. Afternoon: Three months 305.7. Kerbs: Three months 305.6.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 128 tonnes, bringing the total for the week so far to 927 tonnes. Modest operations were mostly in North and South American styles. Support was forthcoming in certain African and Middle Eastern qualities.

COCOA

In quiet trading conditions cocoa prices initially gained £25 before weakening throughout the rest of the day due to Commission House and trade selling to close overall unchanged on the day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1906.0-10.0	—15.0	1955.0-06.0
March	1948.0-50.0	+0.05	1975.0-41.0
May	1990.0-91.0	+5.0	2010.0-1990
July	2005.0-07.0	+7.0	2021.0-1998
Sept	2012.0-19.0	+2.75	2027.0-08.0
Dec	2005.0-09.0	+14.75	2015.0-1998
March	1992.0-2000	+11.0	2005.0-1990

Sales: 4,750 (4,002) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Dec. 20: 176.30 (178.22). Indicator price for Dec. 21: 15-day average 180.22 (181.08): 22-day average 182.62 (183.09).

COFFEE

ROBUSTAS were once again steady within the established range in a market lacking feature, Drexel Burnham Lambert reported. In the afternoon trade buying prompted a sharp rall with stop loss covering above 1260 basis marks. Buying on the close from two particular houses took the market to the highs and final values were £20 to £45 higher on balance. Dealers attributed the strength in the nearby positions to producer interest.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1448-1449	+46.0	1450-1385
March	1294-1295	+56.0	1297-1258
May	1216-1218	+18.0	1225-1195
July	1180-1188	+19.0	1185-1165
September	1160-1168	+21.5	1158-1155
November	1110-1145	+20.0	1115-1110
January	1110-1135	+28.0	—

Sales: 3,354 (2,276) lots of 5 tonnes.

ICO Indicator prices for Dec. 20 (U.S. cents per pound): Colombian Mild Arabicas 171.50 (same); unwashed Arabicas 143.00 (same); other Mild Arabicas 130.00 (129.33); Robustas ICA 1976 129.50 (129.00); Robustas ICA 1968 130.50 (130.00). Daily average 129.75 (129.17).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened unchanged to 10p lower on wheat, 5p lower on barley. Values eased slightly in the morning session, in reasonable volume. In the afternoon values improved with good demand for the spot to close 10p up to 5p lower on wheat and unchanged to 5p higher on barley. New crops saw very little trade and closed unchanged on wheat to 5p higher on barley. Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan	91.80	+0.1	83.40	—0.05
Mar	93.90	....	85.80	....
May	96.35	—0.05	88.30	....
Sept.	89.65	....	83.65	+0.05
Nov	92.50	....	86.50	+0.05

Business done — Wheat: Jan. 91.80-91.50, March 93.90-93.75, May 96.40-96.20, Sept. nil, Nov. nil. Sales: 136. Barley: Jan. 83.50-83.30, March 85.85-85.65, May 88.35-88.25, Sept. 83.55-83.55, Nov. nil. Sales: 142.

HGCA—Location ex-farm spot prices. Other milling wheat: N. Lincoln 90.10. Feed barley: N. Lincoln 79.50, Hants. and W. Sussex 79.80.

The UK monetary coefficient for the week beginning December 25 will remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent Dec. 95.50 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent Dec. 88.75, Jan. 90, transhipment east coast. U.S. Hard Winter 13½ per cent Dec. 87.25, Jan. 87.50, Feb. 87.75 Tilbury. EEC unquoted. Maize: U.S./French Dec. unquoted, Jan. 107, transhipment east coast. S. African White Jan. 67.50. S. African Yellows Jan. 67.50. Barley: English feed fob April-June 90.25 paid east coast.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Fair interest throughout the day, closing on a quiet note. Lewis and Peat reported the Malaysian go-down price was 238 (236) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Jan	57.20-57.25	57.90-58.25	58.30-57.20
Feb	58.15-58.20	58.50-58.90	—
Jan-Mar	58.35-56.40	58.70-59.75	58.65-58.25
Apr-Jne	60.25-60.90	61.40-61.58	61.50-60.90
Jy-Sept	63.10-63.15	63.70-63.75	63.80-65.16
Oct-Dec	65.40-65.45	66.00-66.10	—
Jan-Mar	67.70-67.75	68.25-68.45	67.75-67.70
Apr-Jne	70.05-70.10	70.60-70.70	—
Jy-Sept	72.35-72.40	72.95-73.05	73.00

Sales: 9 (11) lots of 5 tonnes, 146 (329) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 57p (57.25); Feb. 59.3p (59.25); March 60p.

SOYABEAN MEAL

	Yesterday Close £ per tonne	+ or —	Business Done
December	125.00-27.5	—0.15	—
February	126.00-27.0	—0.25	29.00-27.00
April	126.60-28.0	—0.35	27.50-26.00
June	125.50-26.8	—0.5	25.20
August	124.00-25.5	+0.25	—
October	124.50-26.5	+0.15	—
December	125.00-27.0	—0.25	—

Sales: 93 (27).

SUGAR

LONDON DAILY PRICE (raw sugar) £99.00 (£101.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £100.00 (£99.00).

Prices were contained within a 50 points range in moderate trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	108.88-08.85	109.05-09.10	10.20-08.40
May	111.10-11.20	111.85-12.00	12.25-11.00
Aug	114.75-14.50	115.60-15.70	15.75-14.50
Oct	117.20-18.00	118.15-18.25	16.50-17.25
Dec	120.50-21.00	120.00-21.25	21.00
March	124.25-24.50	124.75-26.50	—
May	127.00-28.60	127.50-29.00	—

Sales: 2,038 (2,277) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £173.00 (£174.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 20: Daily 8.03 (9.21); 15-day average 8.21 (8.00).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 97.50, 98.90, 98.75-97.60, 50; April 102.00, 102.25, 102.25-101.75, 214; July 108.65, 109.50, 109.50-108.25, 117; Sept. 115.25, 116.00, 115.50-116.00, 52; Nov. 121.00, 121.25, 121.25-121.00, 23; Feb. 127.25, 127.50, nil, nil; April 129.50, 132.50, nil, nil. Sales: 204.

WOOL FUTURES

LONDON—The market was dull and featureless, reported Bache. Sales: Nil (same).

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
December	217.0-25.0	......	—
March	218.0-25.0	......	—
May	224.0-33.0	......	—
July	231.0-40.0	......	—
October	234.0-40.0	......	—
December	235.0-42.0	......	—
March	236.0-44.0	......	—
May	239.0-50.0	......	—

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 343.0, 343.5, 343.0-342.0, 32; March 351.0, 352.0, 351.0-350.5, 14; May 357.0, 357.8, 357.5, 357.0, 16; July 361.0, 361.5, nil nil,; Oct. 363.5, 364.5, nil, nil; Dec. 366.5, 367.0, 367.0-367.0, 3; March 370.1, 371.0, 370.0-370.0, 13; May 372.0, 374.0, 372.0-372.0, 10. Sales: 88.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): Dec. 184.0, 190.0; March 183.0, 185.0; May 185.0, 188.0; July 187.0, 190.0; Oct. 190.0, 193.0; Dec. 192.0, 197.0; March 193.0, 198.0; May 193.0, 198.0. Sales: Nil.

BRADFORD—Most firms are closing for a full week over Christmas. Dealers said difficulty in matching orders with activity is one reason for the extended closure. Deliveries have slowed as the holiday nears. On prices, individual negotiation is still the rule.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on December 21. GB cattle 71.69p per kg. l.w. (+0.26); UK sheep 133.7p per kg. est. d.c.w. (+1.6); GB pigs 60.0p per kg. l.w. (—5.6). England and Wales: Cattle numbers down 81.4 per cent, average price 71.72p (+0.12); Sheep numbers down 64.9 per cent, average price 134.3p (+2.8); Pig numbers down 99.0 per cent, average price 60.0p (—5.6). Scotland: Cattle numbers up 18.2 per cent, average price 71.67p (—1.54); Sheep numbers down 1.1 per cent, average price 121.5p (+1.7).

SMITHFIELD—Pence per pound: Poultry (Grade A) Fresh—Chickens 2-3 lbs 32.0 to 34.0, 3-4 lbs 32.0 to 34.0, 4-5 lbs 33.0 to 35.0, 5-6 lbs 38.0 to 40.0; Capons over 6 lbs 44.0 to 50.0; Hens 4-6 lbs 12.5 to 17.5; Ducklings 4-5 lbs 49.0 to 50.0, over 5 lbs 49.0 to 50.0; Turkeys—Hens 9-13 lbs 58.0 to 62.0, 13-16 lbs 56.0 to 58.0, over 16 lbs 54.0 to 56.0. Cocks 20-25 lbs 46.0 to 48.0, over 25 lbs 46.0 to 48.0.

Oven-ready—Chickens up to 2½ lbs 36.0 to 38.0, 2½-3 lbs 34.0 to 38.0, 3-3½ lbs 33.0 to 38.0, 3½-4 lbs 33.0 to 38.0; Ducklings up to 4 lbs 52.0, over 4 lbs 52.0; Turkeys 4-7 lbs 46.0 to 48.0, 7-12 lbs 46.0 to 48.0, 12-19 lbs 46.0 to 48.0, 19-25 lbs 50.0 to 51.0, over 25 lbs 51.0 to 52.0

Rabbits (skinned) English tame 67.0 to 68.0, Chinese 45.0 to 46.0, Australian 38.0 to 40.0.

Partridges—Young (each) 200.0 to 240.0.

Pheasants—Best (per brace) 300.0 to 320.0.

COVENT GARDEN—Prices in sterling per package exceput where otherwise stated. Imported produce: Lemons—Italian: 120's new crop 5.26-6.00; Greek: 5.00-5.50; Cyprus: Trays 4.80-5.20, Boxes 80/180's 4.30-6.50; Spanish: Trays 1.80-2.00. Oranges—Spanish: Navel/Navelines 3.80-4.50; Egyptian: Balad 3.00-3.30; Greek: Navels 20-kilos 4.00-4.20; Israeli: 4.80-5.05. Clementines—Cyprus: 10-kilos 3.30-3.80; Moroccan: 3.20-4.20. Satsumas—Spanish: Trays 1.60-2.20. Grapefruit—Texas: Red Blush 4.50-4.60; Florida: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60. Apples—French: Stark Crimson 40-lb 138/163's 4.40-5.30, 20-lb 84's 2.20, 72's 2.40; Golden Delicious 20-lb 72's 1.80-2.20, 84's 1.70-1.90, 40-lb 138/163/175's 3.50-4.00, jumble pack, per pound 0.07; Granny Smith 20-lb 72's 2.30-2.40, 84's 1.80-2.00 large boxes 138/150/163 3.60-4.60, jumble pack 55/60 31-lb per 0.06-0.07. Bananas—Jamaican: Per pound 0.14. Grapes—Spanish: Almaria 3.00-4.00, Negri 3.00-3.80; Californian: Red Emperor 20/23-lb 8.50. Avocados—Israeli: 3.30-3.50. Melons—Spanish: Green 5.00, 15-kilo boxes 8/12's 10.00. Onions—Spanish: 3.00-4.80; Dutch: 2.00-2.20. Tomatoes—Spanish: 1.20-3.50; Canary: 4.00-5.00. Cucumbers—Canary: 10/16's 3.40-3.80. Capsicums—French: Per pound 0.20; Canary: 0.30; Italian: 14-lb 2.00. Dates—Algerian: Per glove box 0.28-0.43; Californian: Tubs 0.30. Lettuce—French: 12's 1.40; Italian: Round 18's 1.30, Cos 2.70. Walnuts—Californian: Per pound 0.40-0.42; Chinese: 0.30-0.31. Brazils—Per pond LMW 0.42-0.46, Tocantins 0.36-0.40. Almonds—Spanish: Semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10-kilos 4.50-7.00; Spanish: 5-kilos 3.00-4.50, 10-kilos 4.40-5.80; Portuguese: 5.00-6.00. Filberts—Italian: Per pound 0.30-0.31. Pecan Nuts—Californian: Per pound 0.60. Potatoes—Italian: 20-lb 3.80. Mistletoe—French: Crees 1.00 plus VAT. Celery—Spanish: 5.00-6.00; Italian: 8's 3.00-3.30. Cauliflowers—Jersey: 30's 7.50, 24's 8.50; French: 8.00-8.50. Fennel—Italian: 4.50-4.60. Peaches—S. African: 23/28's 3.20-4.30. Apricots—S. African: Per pound 0.60-0.70.

English produce: Potatoes—Per 25-kilos 1.40-1.90. Lettuce—Per 12 round 1.30-1.40. Mushrooms—Per pound 0.55-0.60. Apples—Per lb Bramley 0.06-0.12; Cox's Orange Pippin 0.04-0.13; Worcester Pearmain 0.04-0.06; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.09-0.14; Comice 0.14-0.18. Cabbages—Per crate 1.00-1.20. Celery—Crates 14/18's 1.40-2.00. Cauliflowers—Per 12's Kent 4.00-4.50. Beetroot—Per 28-lb 0.70. Carrots—Per 28-lb 0.80-1.20. Capsicums—Per pound 0.30. Onions—Per bag 1.80-2.20. Swedes—Per 28-lb 0.60. Turnips—Per 28-lb 1.00-1.20½. Parsnips—Per 28-lb 1.40-1.50. Sprouts—Per pound 0.10-0.12.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 21 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (c/s)	$1,200-20	......	$1,150/60
Copper cash W Bar	£777.5	+3.5	£754.75
3 months do. do.	£793.25	—2.5	£774.25
Cash Cathode	£762.25	—1.5	£743.75
3 months do. do.	£780.25	+1	£763.75
Gold Troy oz.	$215.375	—2.25	$200.625
Lead cash	£420.25	—4.5	£396.5
3 months	£400.75	—4.5	£386.25
Nickel			
Free Market (cif)(lb)	$1.64 1.76	—0.025	$1.68 1.82
Platinum troy oz.	£156	......	£142
Free Market	£172.20	—0.45	£168.2
Quicksilver	$152/157	+4	$139/43
Silver troy oz.	298.65p	+1.95	305.4p
3 months	306.1p	+1.75	312.6p
Tin cash	£6,905	—80	£7,570
3 months	£6,847.5	—75	£7,285
Tungsten (z)	$145.56	......	$141.86
Wolfram 22.04 cif	$134/140	—3	$140/45
Zinc cash	£340.5	—0.75	£348
3 months	£350.75	—1	£356.75
Producers	$720	......	$720
Oils			
Coconut (Phil)	$920q	—15.0	$845
Groundnut			
Linseed Crude	£356	......	£340
Palm Malayan	$610t	......	$598
Seeds			
Copra Philip	$620p	......	$550
Soyabean (U.S.)	$289x	......	$275
Grains			
Barley			
Home Futures	£85.80	+0.3	£83.5
Maize			
French No. 3 Am	£107	+0.5	£104.5
Wheat			
No. 1 Red Spring	£95.5	—0.5	£94.75
No. 2 Hard Winter	£87.25	—0.5	£89.75
English Milling	£95.5u	......	£92.5
Other Commodities			
Cocoa Shipment	£2,000	+1.0	£2,177.5
Future Mar	£1,949	+0.5	£2,157.5
Coffee Future Mar	£1,294.5	+58.0	£1,459
Cotton 'A' Index	78.25c	—0.3	79.4c
Rubber kilo	57p	—0.25	60p
Sugar (Raw)	£99	—2.0	£102
Wooltops 64s (kilo)	270p	—1.0	274p

* Nominal. † New crop. ‡ Unquoted. u Jan.-March. p Dec.-Jan. q Jan.-Feb. t Feb. u Jan. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 20	Dec. 19	Month ago	Year ago
256.33	256.92	262.84	235.40

(Base: July 1, 1952=100)

REUTERS

Dec. 21	Dec. 20	Month ago	Year ago
1500.7	1503.5	1514.5	1415.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 20	Dec. 19	Month ago	Year ago
Spot	382.59	384.67	394.80	361.05
Futures	379.49	381.75	395.68	324.57

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 20	Dec. 19	Month ago	Year ago
Sple Commty	976.4	976.6	985.3	878.3

(December 31, 1931=100)

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.50-£6.40, codlings £3.50-£4.40; medium haddock £3.40-£3.80, small £3.20; large plaice £7.00, medium £5.20-£7.20, best small £5.20-£6.40; large skinned dogfish £8.00, medium £4.00; lemon soles £7.50-£9.50; saithe £2.60-£3.20.

U.S. Markets

NEW YORK, Dec. 21.

Copper—Dec. 68.70 (69.05), Jan. 68.80 (69.15), Feb. 69.55, March 70.45, May 71.85, July 73.10, Sept. 74.10, Dec. 75.45, Jan. 75.90, March 76.75, May 77.60, July 78.50, Sept. 79.30.

‡‡Maize—March 230½-230¼ (231½), May 239½-239¼ (240), July 245-245¼, Sept. 248½-248¾, Dec. 253, March 261.

Soyabeans—Jan. 695½-697 (696½), March 711¾-709 (710¾), May 719½-720½, July 723-724, Aug. 716, Sept. 689, Nov. 675-774½, Jan. 682.

‖Soyabean Meal—Jan. 194.60-194.30 (195.10), March 193.20-193.60 (194.50), May 192.60-192.50, July 192.20-191.80, Aug. 191.80-191.50, Sept. 190.50, Oct. 187.50, Dec. 186.80-187.00, Jan. 187.00.

Soyabean Oil — Jan. 25.40-25.42 (25.63), March 25.50-25.47 (25.62), May 25.40-25.35, July 25.30-25.25, Aug. 25.15-25.20, Sept. 24.45, Oct. 24.05, Dec. 23.00-24.00, Jan. 23.65.

**Wheat—March 339¾-338 (342), May 329½-329¼ (330), July 318¾-319, Sept. 324¾-324½, Dec. 336.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse. 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse. 1,000-bushel lots. ¶¶ C$s per tonne.

USSR buys soyabeans

WASHINGTON — The Soviet Union has bought 700,000 tonnes of U.S. soyabeans for delivery through the 1978-79 marketing year, the Agriculture Department said.

Officials said 312,000 tonnes were new sales reported by private exporting companies and 388,000 tonnes had been reported previously as going to "unknown" overseas buyers.

Soyabeans are not covered by a long-term agreement, now in its third year, that requires the Soviet Union to buy a specified minimum of U.S. wheat and corn annually.

In the year that ended September 30, Russia bought about 14.8m tonnes of the two grains. So far in the third year it has bought 280,000 tonnes of wheat and slightly more than 1m tonnes of corn.

INDIA MAY BUY JUTE SUPPLIES

NEW DELHI — The Indian Government is considering importing 300,000 bales of raw jute to meet a shortage of high-grade jute used in goods for export, Industry Ministry sources said yesterday.

No decision has yet been taken, and discussions are currently under way on the question of subsidising the imports, which will cost more than domestic jute.

The jute industry, which has been lobbying for the imports, wants government subsidies to cover the difference between imported and domestic costs. But the government feels the industry should cover some of the gap.

Reuter

Glaxo and Boots feature quiet seasonal markets

Both close lower but 30-share index unchanged at 478.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

Little of the Christmas spirit which was abroad in Throgmorton Street and surrounding areas yesterday found its way into stock markets. Business in all sectors continued to be affected by seasonal influences although official markings, at 3,383, were up just over 300 on the previous day. This probably reflected the fact that dealers had more time on their hands to mark transactions on the last full day of trading ahead of the weekend; the trading floor closes at 1 pm today.

Equities were featured by pressures emanating against **Glaxo** and **Boots**, the former dropping to 510p on talk of a bearish circular coming from brokers Rowe and Pitman, Hurst-Brown, but rallying well to end 5 off on balance at 518p following confirmation that the brokers had downgraded their profits forecast for the group.

Speculation arose about another broking house having revised lower its profits prediction for Boots: after completion of a selling order in the region of 250,000 shares, which caused the price to fall below 180p and trigger off a bearish chart signal, conditions in the stock remained sensitive because of the possibility of fresh sizeable offerings and the close was 4 cheaper at 188p, after 187p.

Both Glaxo and Boots are around 20 per cent below their respective peaks for the year compared with a loss of less than 10 per cent from the 1978 high in the FT-Actuaries Industrial group index. Yesterday's falls, however, made no overall impression on the FT 30-share index which, after registering a loss of 1.7 at 11 am, gradually recovered to close unaltered on the day at 478.2.

The Gilt-edged market passed another uneventful session with the shorts retaining small opening improvements after looking a shade uncertain at one stage. Medium and longer maturities again traded very quietly, business comprising a moderate investment demand and switching into stocks of a longer life. Reflecting interest accruing over the four-day holiday, quotations were raised ⅛ late resulting in scattered rises of ⅛.

Early institutional support for investment currency later waned and, after touching 83¾ per cent, the premium closed 1⅜ higher at 82½ per cent. This makes a rise of 6½ since the Government's clarification on Monday of the UK-Irish exchange control position. Yesterday's SE conversion factor was 0.7123 (0.7144).

A further contraction of business in Traded Options saw only 201 contracts completed by the close, compared with the previous day's 257 and last week's daily average of 403.

Milletts Leisure Shops encountered buyers at the outset and gained 7 for a two-day rise of 10 at 135p.

Banks mixed

Narrowly mixed price movements were the order of the day in the banking sector following a thin trade. Still reflecting the decision to allow licences under the consumer credit act to its subsidiaries, Julian S. Hodge and Co. Ltd. and Hodge Finance Ltd., **Standard Chartered** hardened a couple of pence more to 440p. **Barclays**, a penny dearer at 364p and **Midland**, 2 off at 356p, were the only changes in the home banks, while quietly dull Discounts had **Alexanders** 5 lower at 248p and **Union** a like amount easier at 305p. In Merchant Banks, **Antony Gibbs** eased a penny to 49p; the group has disposed of its interest in Gibbs Nathaniel Canada.

Arthur Guinness featured Breweries with a rally of 6 to 164p following a Press recommendation. **Scottish and Newcastle** met no further reaction on the reduced interim profits and held steady at 61p.

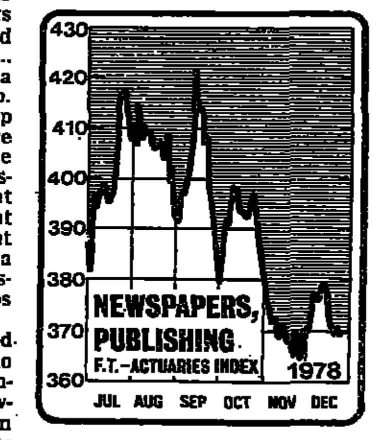
Building issues displayed several notable mixed movements despite the low level of trade. **Taylor Woodrow** firmed 8 to 411p, but **Richard Costain** shed 4 to 226p, the latter on talks of a fairly hefty line of shares overhanging the market. News of the provision of adequate overdraft facilities following the recently announced half year loss lifted **FPA Construction** a penny to 11p. A Press report that Consolidated Gold Fields is not at the moment interested in acquiring T. W. Ward's 26.6 per cent stake in **Tunnel B.** prompted occasional selling of the last-named which cheapened 2 to 322p. On the other hand, **Leigh Interests**, which has trading links with Tunnel, held a fresh gain of 6 at 138p. **A. Monk** shed a penny more to 82p in continued response to the disappointing interim figures and the chairman's bearish statement about the full-year results but **James Latham**, still buoyed by the mid-term profits advance, added 3 to a high for the yaer of 135p.

ICI recovered from a dull opening to close 2 up at 365p, but **Fisons** eased marginally to 303p. Among other Chemicals, **British Benzol** hardened ½ to 35½p on the sharply increased interim figures and the chairman's cheerful statement.

Cope sportswear up

Apart from a rally of 3 to 47p in recently oversold **Cope Sportswear** and an improvement of a penny to 35p by **Wearwell** in response to the sharp increase in interim earnings, Stores had little to offer.

Inclined easier initially, **GEC** picked up to close without alteration on balance at 329p, but **EMI** settled 2 lower at 139p after having fluctuated narrowly. **AB Electronic**, at 160p, gave up



4 of the previous day's rise of 9 which followed news of the proposal by CTS Corporation of America to increase its holding in AB to just over 20 per cent. **Campbell and Isherwood** traded firmly at 127p, up 4 while Press mention stimulated a little buying interest in **Electronic Rentals** which gained 3 to 145p. **Racal** hardened a few pence more to 346p, but **Laurence Scott** shaded a penny to a low for the year of 85p.

The majority of Engineering leaders rarely strayed far from overnight closing levels. Scattered offerings, however, left **Vickers** 3 cheaper at 193p, while **Tubes** also tended easier and closed a similar amount down at 378p. Elsewhere, **Edbro** remained a depressed market on the second-half profits warning and fell 8 for a two-day loss of 31 to 193p. Sharply lower interim profits prompted dullness in **A. Cohen**, which reacted 5 to 160p, but **Danks Gowerton** held steady at 57p following the increased half-yearly dividend and profits. Occasional support was again forthcoming for **Charles Clifford**, up 2 further at 120p, while gains of a similar amount were marked against **Jones and Shipman**, 160p, and **Lake and Elliott**, 56p. On the other hand, **S. W. Wood** gave up 2 to 48p and **Benjamin Priest** shaded a penny to 75½p.

Although the interim profits impressed, the chairman's accompanying remarks deterred buyers and **Unigate** held at the overnight level of 74p. Elsewhere in Foods, **Tate and Lyle** found a little late support and firmed 4 to 190p and **British Sugar** hardened 2 to 137p. A good market of late on the Board's confident statement on current trading, **Avana** added another penny to 73p, but Press criticism of the share and management deal left **Louis C. Edwards** that much lower at 23p. **Cullens Stores** gave ground on the reduced half-year profits and the disturbing statement; the Ordinary and A fell away sharply on the announcement to 118p and 116p before small buying at the lower levels left the closing quotations just 2 cheaper on balance at 124p and 122p respectively.

Glaxo dip and rally

Early rumours, later confirmed, that a leading broker is downgrading its profits forecast led to a large selling order in **Glaxo** which fell away to touch 508p before rallying to finish only a net 5 down on balance at 518p. **Boots** also came under pressure following bearish noises from a chartist and, after easing to 187p, closed 4 down on the day at 188p. By way of contrast, buying on hopes that the group's Canadian subsidiary sale talks will reach a satisfactory conclusion helped **Reed International** put on 6 to 154p, after 156p. Elsewhere, **Philip Harris** jumped 11 to 91p on further consideration of the excellent interim results and the bullish remarks about second-half prospects. **Sotheby's**, up 9 at 345p, continued to draw strength from Tuesday's favourable results, while **Christie's International** gained 5 more to 156p in sympathy. **Gieves** found support at 95p, up 3, and similar rises were seen in **Peter Black**, 190p, and **Caplan Profile**, 138p. **Dundonian** softened a penny to 51p on adverse comment.

Standing 5 higher awaiting the interim results, **Norton and Wright** gained further ground on the more-than-doubled profits and closed 10 up at 148p.

In quietly easier Motors, **Wilmot Breeden** gave up 2½ of recent gains to close at 81p following comment that the talks with Rockwell may not result in a full bid. **Rolls-Royce** moved against the trend and added 2½ to 96p on a follow-through of interest stemming from an investment recommendation last weekend.

Among uneventful Newspaper/Publishers, **Ault and Wiborg** moved ahead in late dealings to close 2 up at 42½p on bid hopes following reports of a $40m fund-raising issue planned by Sun Chemical Corporation which already owns about 44 per cent of the Ault and Wiborg equity.

Properties adopted a firm stance in the absence of sellers. Among the leaders, **British Land** were notable for a gain of 1½ at 44p. Secondary issues continued to attract limited support with **Laing Properties A** 5p better at 125p and **Property and Reversionary A** the same amount higher at 320p. **Hammerson A** firmed 7p to 630p and **Slough** 3p to 121p while, in smaller-priced issues, **Westminster** put on 2p to 25p. Annual profits in line with market estimates failed to sustain **Intereuropean** which lost a penny to 41p.

Oils little altered

Another extremely quiet day's trading left Oil shares with little alteration. **British Petroleum** edged up 2 to 926p, sentiment being helped by news that the company had received Government approval to start developing the Magnus oil field in the North Sea. On the other hand, **Shell** drifted a few pence lower to 576p, but dollar premium and currency influences left **Royal Dutch** another ⅞ up at £42¼.

Occasional losses in the Trust sector included **General and Commercial**, 135p, and **Wemyss**, 266p, down 5 and 4 respectively. **Charter Trust**, however, improved a shade to 52½p following the interim figures.

Dealings were temporarily suspended in **Bank Bridge** at 2p pending completion of the proposed reorganisation of the company.

In Textiles, **Homfray** reported a 65 per cent drop in taxable profits, but the downturn was only slightly worse than was generally expected and the shares eased only a penny to 40p.

Plantations tended narrowly firmer following small buying interest. **Highlands** rose 4 to 109p, while **Kuala Lumpur Kepong** gained 3 to 69p.

Golds turn easier

A further $2.25 reaction in the bullion price to $213.375 per ounce prompted a downturn in South African Gold shares for the first time in four days, despite a rise in the investment currency premium.

Share prices were marked down at the outset owing to overnight American selling and thereafter gave further ground following Johannesburg and London offerings.

However, a modest rally in the bullion price towards the close of business saw some American "cheap" buying enter the market and prices generally ended the day a shade above their lowest levels.

Nevertheless the Gold Mines index gave up 2.2 to 139.2, while the ex-premium index fell 1.8 to 99.2.

In the heavyweights, **Randfontein** came under pressure and lost a half-point to £27¼, while **Vaal Reef** fell ¼ to £12¼ and **Free State Geduld** ¼ to £13¼.

Among lower-priced issues, losses of between 5 and 8 were seen in **Blyvoor**, 298p, **Doornfontein**, 232p, **Elsburg**, 76p, and **Libanon**, 435p.

The downturn in Golds affected sentiment in South African Financials. **General Mining**, a firm market of late following the share split, reacted on profit-taking to close 5 easier at 350p, while **Anglo American Corporation** dropped 4 to 294p. **De Beers** held steady at 368p following a good two-way business.

London-registered Financials tended to drift lower despite the late steadier tendency of the UK equity market. Once again Australians were featured by a good London interest in high quality issues. **Western Mining** added 4 more to 138p, while similar gains were seen in **Bougainville**, 128p, **Conzinc Riotinto**, 276p, **MIM Holdings**, 196p and **Peko-Wallsend**, 436p.

Diamond exploration stocks failed to attract much attention but renewed speculative selling lowered **Otter Exploration** 2 more to 24p.

Tins were mixed with the UK registered **South Crofty** easing a penny to 59p. But Malaysian-domiciled issues reflected the firmer premium with **Berjuntai** and **Sungei Besi** both 5 better at 210p and 275p respectively.

FINANCIAL TIMES STOCK INDICES

—	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 15	Dec. 14	A year ago
Government Secs.	68.55	68.49	68.60	68.56	68.80	68.60	77.43
Fixed Interest	70.31	70.33	70.08	70.11	70.17	70.08	80.80
Industrial	478.2	478.2	476.1	[illegible]	481.0	477.9	481.5
Gold Mines	139.2	141.4	140.2	133.7	130.7	131.9	132.4
Gold Mines(Ex-$ pm)	99.2	101.0	101.2	98.5	96.8	96.7	94.9
Ord. Div. Yield	6.03	6.02	6.05	6.08	6.06	6.03	5.64
Earnings, Y'ld % (full)	15.83	15.92	15.90	16.07	15.86	15.92	16.83
P/E Ratio (net) (*)	8.21	8.15	8.12	8.08	8.19	8.15	8.48
Dealings marked	3,383	3,080	3,405	3,398	3,580	3,944	3,729
Equity turnover £m.	—	51.98	60.51	55.39	61.10	60.10	61.44
Equity bargains total	—	10,388	12,385	13,019	12,641	13,559	9,554

10 am 477.2. 11 am 478.5. Noon 477.4. 1 pm 477.4. 2 pm 477.4. 3 pm 477.4.
Latest Index 01-236 8026.
* Nil=7.97.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.50 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

—	Dec. 21	Dec. 20
Daily		
Gilt Edged	105.9	113.0
Industrials	117.3	106.9
Speculative	30.8	15.8
Totals	77.0	70.1
5-d'y Av'rge		
Gilt Edged	120.0	129.2
Industrials	115.1	118.8
Speculative	24.4	23.0
Totals	76.4	79.0

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	926	+2	954	720
GUS A	25p	8	310	−2	340	256
ICI	£1	8	365	+2	421	323
Shell Transport	25p	8	576	−2	602	484
Boots	25p	6	188	−4	237	184
Glaxo	50p	6	518	−5	648	508
Grand Met.	50p	6	114	+1	121	87
Hongkong & Shanghai Bnk.	$HK2.50	6	250	—	360	203
Midland Bank	£1	6	356	−2	390	330
P & O Defd.	£1	6	83½	+½	118	76½
BOC Intl.	25p	5	67	+½	79	63
GEC	25p	5	329	—	349	233
Marks & Spencer	25p	5	83	−1	94	67½
Metal Box 'New'	Nil/pd.	5	54pm	—	70pm	48pm
Rank Org.	25p	5	246	—	296	236

OPTIONS

Share Information Service
DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Stocks favoured for the call included Lonrho, Mills and Allen, Shaw Carpets, Ladbroke Warrants, Pacific Copper, Kode Intl., F.P.A., F.N.F.C., Talbex, British Cits. and Ratners. Puts were completed in New Throgmorton Warrants and Tricentrol, and a double was arranged in Burmah.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	63	—	16
Corpns. Dom and Foreign Bonds	1	7	53
Industrials	261	148	1,120
Financial and Prop.	77	48	387
Oils	7	4	26
Plantation	11	1	20
Mines	21	48	71
Recent Issues	5	1	27
Totals	446	257	1,719

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (16)

BANKS (1)
Cie Bancaire
BUILDINGS (3)
Erith
Latham (J.)
Norwest Holst
STORES (1)
Boardman (K. O.)
ENGINEERING (1)
Baker Perkins
FOODS (3)
Avana
Morgan Edwards
Morrison (W.)
INDUSTRIALS (5)
Long & Hambly
Sketchley
Fothergill & Harvey
Caplan Profile
Christies Int.
LEISURE (1)
Horizon
PROPERTY (1)
Law Land

NEW LOWS (4)

ELECTRICALS (1)
Laurence Scott
INDUSTRIALS (3)
Bestobell
Turner & Newall
Glaxo

TOYO TRUST BANK

An advertisement appeared in the Financial Times of 20th December announcing the opening of the London office of Toyo Trust Bank. The Financial Times wishes to extend an apology to Toyo Trust Bank whose London office in fact opened on 16th October 1978.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	182	6	—	—	—	—	925p
BP	900	35	11	72	—	90	—	"
BP	950	9	—	40	4	63	—	"
Cons Gold	160	17	1	26	—	28	—	175p
Cons Gold	180	4½	—	13	7	15	—	"
Cons Gold	200	1	—	4	—	7½	3	"
Courtaulds	110	9½	—	14½	—	15½	2	117p
GEC	300	32	8	45	5	58	—	328p
GEC	330	10	9	34	—	39	—	"
GEC	360	2	1	11½	5	24	1	"
Grand Met.	110	6	—	10½	—	13½	2	114p
ICI	330	40	5	43	—	—	—	363p
ICI	360	13½	5	21	—	36	—	"
ICI	390	2	—	9	13	19	—	"
Land Secs	220	26	—	34	5	38	—	245p
Land Secs	260	1½	—	8	29	15	—	"
Marks & Sp	80	5½	10	10	4	12½	—	83p
Shell	600	4	30	19	—	29	—	577p
Totals			186		72		8	
		February		May		August		
Boots	200	5	10	12	—	16	—	189p
Boots	220	¾	20	5½	—	9	—	"
EMI	160	1½	4	5½	—	10	—	140p
RTZ	280	1½	—	6	1	—	—	228p
Totals			34		1			

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
42½	F.P.	24/11	48	43	Arncliffe Hldgs.	43	......	u2.55	2.4	4.7	6.9
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	70	......	—	—	—	—
A$125	F.P.	—	106	100	††Aust. Farming A$1	102	......	—	—	—	—
155	F.P.	10/1	176	171	HarrisQueensw'y20p	173	......	f7.8	3.1	6.7	7.2
29	F.P.	5/1	31	31	Kitchen Queen 10p	29	......	b1.34	3.4	6.9	4.8
110	F.P.	—	135	115	Mill'ttsL's'reShps20p	135	+7	bd5.7	1.8	6.2	12.9

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
£99¾	F.P.	—	99¾	99½	Anglesey Variable 1983	99¾	......
¶¶	F.P.	—	109p	109p	Assoc. Dairies 9¼% Pref	109p	......
¢	£10	26/1	13	11¾	Colne Valley Water 8% Red Prf. 1983	13	......
‡£1	F.P.	10/11	120	101	Crosby House 10% Conv '87-90	120	......
‡100p	Nil	28/12	½pm	¼pm	Findlay 8% Cnv. Cum. Red. Prf.	¼pm	......
‡100p	Nil	5/1	6pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	6pm	......
£1	F.P.	22/12	99p	98p	Newman Inds. 10¼% Acc. Pref.	98p	......
¢	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	......
£97½	F.P.	25/1	97	96½	Rickm'sw'th & Uxbridge Water 7% 1985	96¾	......
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p:	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	623	+1
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	......
550	F.P.	5/12	21/12	414	372	Brown (J.)	374	......
67	F.P.	29/12	5/1	77	71	Capper-Neill	72	......
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	122	+6
195	F.P.	15/12	12/1	116	101	Dixon (D.)	122	+6
45	Nil	3/1	9/2	3½pm	2pm	Foster (John)	3½pm	+½
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	143	−8
210	Nil	—	—	34pm	32pm	Lep Group	34pm	+2
125	F.P.	15/12	12/1	161	150	M. L. Holdings	152	−3
250	Nil	5/1	9/2	70pm	48pm	Metal Box	54pm	......
55	Nil	—	—	13pm	12pm	Milbury	12pm	......
185	F.P.	19/12	10/1	230	210	Stothert & Pitt	225	......
62	F.P.	19/12	15/1	76	67	Tern Consulate	71	......
228	Nil	—	—	8pm	6pm	York Fine Woollen	6½pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. u Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Dec. 21, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Dec. 20 Index No.	Tues., Dec. 19 Index No.	Mon., Dec. 18 Index No.	Fri., Dec. 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	234.41	—	17.05	5.54	8.03	234.42	233.22	232.77	236.17	206.54
2	Building Materials (27)	206.09	+0.3	18.22	6.27	7.55	205.53	203.88	203.34	205.58	189.32
3	Contracting, Construction (28)	362.04	+0.1	20.86	4.48	6.88	361.71	362.95	363.77	370.21	332.31
4	Electricals (15)	550.14	+0.1	13.62	3.45	10.10	549.66	546.91	547.66	558.19	452.42
5	Engineering Contractors (14)	358.51	−0.6	18.18	6.01	7.48	360.61	358.21	359.89	364.90	295.98
6	Mechanical Engineering (72)	183.16	−0.1	18.41	6.12	7.24	183.33	182.35	180.85	183.28	159.57
8	Metals and Metal Forming (16)	161.82	−0.2	16.89	8.83	8.23	162.13	161.53	161.03	162.47	159.96
	CONSUMER GOODS										
11	(DURABLE) (53)	209.84	+0.1	16.79	5.14	7.94	209.68	208.30	207.28	210.18	192.21
12	Lt. Electronics, Radio, TV (16)	265.43	+0.3	14.04	3.93	9.99	264.55	262.10	259.93	264.78	231.75
13	Household Goods (12)	166.76	−0.3	18.11	6.84	7.58	167.18	167.32	167.65	168.58	188.06
14	Motors and Distributors (25)	121.28	−0.3	21.40	6.94	5.86	121.66	121.25	121.19	122.12	115.97
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	208.49	−0.1	16.28	6.10	8.18	208.80	208.04	207.71	210.47	202.56
22	Breweries (14)	232.90	+0.4	15.70	6.45	8.02	232.05	231.73	231.44	233.42	228.32
23	Wines and Spirits (6)	286.76	+0.3	16.20	5.20	9.07	285.91	284.81	283.70	288.34	248.19
24	Entertainment, Catering (17)	271.05	+0.2	13.68	6.50	10.67	270.62	268.68	268.53	271.23	255.08
25	Food Manufacturing (19)	202.02	+0.1	18.87	5.57	7.03	201.79	201.65	200.69	203.06	199.93
26	Food Retailing (15)	226.30	+0.2	13.59	5.20	10.29	225.95	225.80	225.21	228.08	212.02
32	Newspapers, Publishing (12)	369.93	−0.4	21.74	6.56	6.49	371.23	369.76	370.83	376.31	345.65
33	Packaging and Paper (15)	132.92	+1.1	19.17	7.92	6.80	131.51	130.58	130.17	132.25	128.81
34	Stores (40)	191.92	−0.9	12.35	4.96	11.65	193.58	192.87	192.98	196.00	194.96
35	Textiles (24)	180.05	+0.1	17.81	8.18	7.27	179.90	180.11	179.52	182.61	170.60
36	Tobaccos (3)	235.09	−0.6	23.60	7.98	5.01	236.57	234.10	234.01	238.59	223.97
37	Toys and Games (6)	92.25	—	23.93	7.01	4.93	92.25	92.25	92.25	92.78	100.91
41	OTHER GROUPS (99)	195.49	+0.2	15.89	6.37	8.10	195.08	194.87	194.86	196.77	193.49
42	Chemicals (19)	277.80	+0.5	16.03	6.81	8.15	276.55	276.99	277.50	280.79	262.16
43	Pharmaceutical Products (7)	243.48	—	11.40	4.78	10.63	243.40	243.46	242.11	243.80	0.00
44	Office Equipment (6)	128.28	—	18.94	6.02	6.29	128.28	125.92	126.06	128.07	126.18
45	Shipping (10)	408.26	+0.3	14.82	7.45	8.56	407.03	406.52	407.19	412.13	465.99
46	Miscellaneous (57)	211.80	+0.2	18.16	6.78	7.30	211.45	211.32	211.54	213.19	203.04
49	INDUSTRIAL GROUP (495)	218.59	—	16.42	5.95	8.10	218.59	217.81	217.48	220.27	207.44
51	Oils (5)	516.78	−0.1	13.52	3.89	8.03	517.05	515.48	515.08	518.61	482.91
59	500 SHARE INDEX	243.28	—	15.97	5.63	8.09	243.30	242.45	242.11	244.99	250.29
61	FINANCIAL GROUP (100)	169.35	+0.1	—	5.82	—	169.22	168.49	167.86	169.93	171.27
62	Banks (6)	197.10	—	23.90	5.98	6.27	197.16	197.14	195.97	200.42	196.60
63	Discount Houses (10)	209.71	−1.0	—	8.44	—	211.87	212.08	215.77	215.65	222.09
64	Hire Purchase (5)	165.78	−0.5	14.69	5.15	8.98	166.59	164.95	164.66	165.61	167.60
65	Insurance (Life) (10)	135.40	−0.3	—	6.94	—	135.80	134.99	133.79	135.31	139.86
66	Insurance (Composite) (7)	123.96	+0.1	—	7.07	—	123.90	122.82	122.81	124.06	135.91
67	Insurance Brokers (10)	313.47	+0.1	15.25	5.37	9.36	313.19	311.06	311.32	313.17	356.10
68	Merchant Banks (14)	77.49	−0.1	—	6.32	—	77.54	77.57	77.71	77.98	82.04
69	Property (31)	269.21	+0.6	3.70	3.02	44.17	267.71	266.76	267.88	267.27	239.32
70	Miscellaneous (7)	113.13	+0.3	22.36	7.51	5.79	112.77	112.09	111.72	111.56	108.23
71	Investment Trusts (50)	203.21	+0.1	—	5.18	—	202.92	202.52	203.93	206.75	206.42
81	Mining Finance (4)	101.53	+0.1	18.51	7.01	6.65	101.38	101.00	102.57	104.41	87.19
91	Overseas Traders (19)	295.09	+0.1	16.49	7.94	7.61	294.89	295.25	296.65	298.13	278.58
99	ALL-SHARE INDEX (673)	222.73	—	—	5.72	—	222.70	221.93	221.71	224.33	213.54

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Dec. 21	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.69	+0.11	—	9.19
2	5-15 years	118.58	+0.16	—	11.08
3	Over 15 years	115.34	+0.15	—	14.53
4	Irredeemables	122.76	—	—	13.54
5	All stocks	109.06	+0.14	—	11.65

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs., Dec. 21	Wed., Dec. 20	Year ago (approx.)
1	Low Coupons	5 years	9.74	9.76	7.17
2		15 years	11.40	11.03	9.25
3		25 years	12.16	12.19	9.90
4	Medium Coupons	5 years	12.70	12.73	8.51
5		15 years	12.72	12.74	10.36
6		25 years	12.72	12.74	10.51
7	High Coupons	5 years	12.74	12.77	10.09
8		15 years	13.28	13.29	11.24
9		25 years	13.31	13.33	11.29
10	Irredeemables		11.99	11.97	9.96

		Thurs. Dec. 21 Index No.	Thurs. Dec. 21 Yield %	Wed. Dec. 20	Tues. Dec. 19	Mon. Dec. 18	Fri. Dec. 15	Thurs. Dec. 14	Wed. Dec. 13	Tues. Dec. 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.85	13.62	55.15	55.15	55.15	55.15	55.09	55.09	55.09	58.11
16	Investment Trust Prefs. (15)	51.17	13.70	50.96	50.96	50.96	50.96	50.96	50.91	50.87	56.25
17	Coml. and Indl. Prefs. (20)	72.42	12.90	72.74	72.42	72.42	72.42	72.41	72.38	72.27	76.78

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Dec. 11	38.8	40.9	....	5.67
Exempt No. 20	99.6	103.6	....	5.40

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	46.1	48.5	..	3.71

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH 041-221 5521

MJ European	81.3	86.4	+1.3	3.57

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	51.7	55.3xd	+0.5	6.65
Mutual Inc. Tst.	69.5	74.7	..	7.75
Mutual Blue Chip	43.6	47.4	....	6.86
Mutual High Yld.	56.4	60.7	....	8.88

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income Dec. 13	160.0	164.8	....	5.87
(Accum. Units)	221.0	229.2	....	5.87
Capt. Dec. 13	131.4	136.2	..	4.22
(Accum. Units)	160.4	166.4	..	4.22

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	47.5	50.6xd	...	4.80
(Accum. Units)*	59.0	62.8	...	4.80
NPI O'seas. Trust	124.9	132.7	...	2.40
(Accum. Units)**	134.2	142.1	...	2.40

**Prices on Nov. 30. Next dealing Dec. 28.
*Prices on Dec. 13. Next dealing Dec. 29.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	65.5	70.4	+0.4	4.60
Extra Inc.	65.9	70.8	+0.1	8.26
Financial	34.2	36.7	..	5.4c
Growth Inv.	86.7	93.2	+0.6	5.20
Income	34.7	37.3	....	7.31
Portfolio Inv. Fd.	69.8	75.1xd	+0.1	6.06
Universal Fd.(d)	52.5	56.4	+0.3	2.58

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	59.7	62.8	....	5.20
Nelstar High Inc.	49.0	51.5	+0.1	8.07

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	363.4	382.5	+0.1	5.29

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	24.0	25.9	−0.3	4.90
Accum Units	28.6	30.8	−0.2	4.90
Pearl Inc.	32.9	35.4	....	7.23
Pearl Unit Tst.	35.0	37.7xd	...	5.35
(Accum. Units)	46.1	49.6	..	5.35

Pelican Units Admin. Ltd. (g)(x)
81, Fountain St., Manchester 061-236 5685

Pelican Units	86.6	93.1	+0.5	4.83

INSURANCE AND PROPERTY BONDS

CORAL INDEX: Close 475-480

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]						

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 40⅛% (based on US$2.0000 per £)
Conversion factor 0.7123 (0.7144)

CANADIANS

S.E. List Premium 40⅛% (based on $2.3641 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Misce.)

INSURANCE

FINANCIAL TIMES

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INSURANCE—Continued

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[illegible]

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[illegible]

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[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	128	+3	†08c	1.4	3.9
131	63	BH South 50c	112	......	—	—	—
820	150	Central Pacific	340				—
336	148	Conzinc Riotinto 50c	276	+2	‡Q10c	2.2	‡
27	9½	Endeavour 20c	18½	......	—	—	—
75	45	G.M. Kalgoorlie $1	59	......	—	—	—
68	18	Haoma Gold N.L.	30	......	—	—	—
158	81	Hamptn Areas 5p	150	......	♦t3.55	2.0	3.5
40	10	Metals Ex. 50c	24½	......	—	—	—
223	125	M.I.M. Hldgs. 50c	196	+3	Q9c	1.7	2.8
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	35	......	—	—	—
56	12	Newmetal 10c	44	......	—	—	—
143	79	North B. Hill50c	106	+1	Q8c	1.3	4.7
16½	8½	Nth. Kalgurli	11	......	—	—	—
50	12	Nth. West Mining	24	+1			
178	115	Oakbridge SA1	129	......	Q12c	1.9	10.4
42	10	††Otmin N.L.	22	......		—	—
70	30	Pacific Copper	60	......	—	—	—
£15½	725	Pancont'l 25c	800	......	—	—	—
40	12	Paringa M&Ex.5p	18½	+½	—	—	—
570	310	Peko-Wallsend 50c	436	+5	Q15c	ϕ	2.1
300	50	Southern Pacific	170	−5		—	—
164	84	Westn. Mining 50c	136	+4	Q3c	0.7	1.3
100	35	Whim Creek 20c	55	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam SM1	310	......	Q30c	0.5	20.8
60	45	Beralt Tin	56	......	4.0	ϕ	11.2
305	190	Berjuntai SM1	210	+5	Q110c	1.0	11.3
185	111	Geevor	155	......	H5.57	5.8	5.4
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	295	......	†15.36	0.9	7.7
320	130	Hongkong	312xd	......	12.5	ϕ	6.0
93	70	Idris 10p	73	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting SM0.50	64xd	......	†012.5c	2.1	4.2
640	450	Killinghall	620	......	Q15.36	ϕ	23.7
470	280	Malay Dredging SM1	345	−5	Q175c	0.7	10.9
78	40	♦Pahang	43	......	—	—	—
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4
270	165	Petaling SM1	210xd	......	Q120c	ϕ	12.3
87	49	Saint Piran	80	......	†2.03	6.5	3.9
70	47	South Crofty 10p	59	−1	†4.19	2.0	10.9
245	140	South Kinta SM0.50	165	......	sQ145c	0.6	13.9
340	230	Stn Malayan SM1	275	+5	Q190c	1.0	14.8
240	134	Sungei Besi SM1	200xd	......	mQ65c	5.3	7.0
85	55	Supreme Corp. SM1	65	......	ZQ10c	—	3.3
103	84	Tanjong 15p	103	......	6.60	0.8	9.6
100	74	Tongkah Hrbr. SM1	85	......	[illegible]	0.7	9.4
270	148	Tronoh SM1	195	......	‡Q85c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	54	......	—	—	—
17	9	Burma Mines 17½p	13½	+½	—	—	—
300	170	Cons. Murch. 10c	170	......	‡Q30c	2.6	‡
465	245	Northgate C$1	360	......	—	—	—
263	164	R.T.Z.	229	+1	9.5	2.8	6.2
90	30	Sabina Inds. C$1	40	......	—	—	—
£12	687	Tara Exptn. $1	712	+12	—	—	—
185	120	Yukon Cons. C$1	170	......	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$11¼	−¼	Q170c	1.8	17.4
$11¾	830c	East Drie R1	950c	−25	†Q78c	1.7	9.5
585c	330c	East Rand Prp. R1	370c	−10	—	—	—
$28⅛	$16½	F.S. Geduld 50c	$19⅓	−⅝	Q315c	ϕ	19.0
$15⅛	975c	Pres. Brand 50c	$11	−⅜	Q150c	ϕ	15.7
$13⅜	900c	St. Helena R1	$10⅛	−⅞	Q190c	ϕ	21.6
465c	313c	Stilfontein 50c	450c	−15	†Q22c	2.9	5.6
$18⅝	$16¼	Vaal Reefs 50c	$17⅞	−⅝	Q115c	3.3	7.4
$37	$25	West Drie R1	$31½	−¼	Q385c	1.7	14.1
$31¼	$19	West Hldgs. 50c	$22	−⅝	Q415c	ϕ	21.8
$12½	895c	Western Deep R2	$10¼	−¼	Q82.5c	2.4	9.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- $ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	67	......
Bertam	15	......
Brig'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	24	+1
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship £1	135	−5
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	195	......
N'thn. Goldsmith	74	+2
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	52	......
Shef. Refrshmt	67	......
Sindall (Wm.)	118	......

IRISH

Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	370xd	+20
Carroll (P.J.)	97	+2
Clondalkin	102½	−½
Concrete Prods.	130	......
Heiton (Hldgs.)	50	......
Ins. Corp.	168	......
Irish Ropes	105	......
Jacob	50	......
T M G	190	−5
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¾
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday December 22 1978

Chrysler fears big loss

BY ARTHUR SMITH AND TERRY DODSWORTH

CHRYSLER UK management has warned the trade unions that losses this year might approach last year's £21.5m deficit. The company lost £43m the previous year.

The warning came several days before yesterday's unanimous decision in Paris by shareholders in PSA Peugeot-Citroen, the French motor company, to authorise the necessary capital increase for the takeover of Chrysler Corporation's European interests from the beginning of next year.

The full extent of Chrysler UK's losses this year will not be known until the position becomes clearer in Iran, which takes components worth more than £100m a year.

Delivery of British Chrysler components kits worth millions of pounds, to be assembled by Iran National, the State-owned car company, has been delayed by political and economic disruption.

Iran's troubles have merely added to those of Chrysler UK, which has been harmed by strikes in recent months. Hopes that the company might break even for the first time since the Government rescue in 1975 have been dashed.

The Government is committed this year to meeting only half of any deficit, up to a total of £15m. Should losses exceed that, which on preliminary estimates provided to the trade unions seems likely, it will be for the Chrysler Corporation and PSA Peugeot-Citroën to decide who picks up the bill.

PSA is believed to have indicated that it will continue to support the UK operation, but there are bound to be reservations about the troubled industrial relations.

Chrysler plans to locate a new car at the Ryton assembly plant, Coventry, to go into production towards the end of next year. The vehicle is a derivative of the Alpine, built at Ryton.

The vote of PSA shareholders taken at an extraordinary meeting at the company's headquarters, clears the way to the establishment of Europe's largest motor company, and the world's third largest after General Motors and Ford.

PSA said afterwards that the transaction will take effect on January 1, when the Peugeot group formally takes over ownership of Chrysler Europe's interests in France, the U.K. and Spain.

The French company has obtained full approval for the deal from the Governments of all three countries.

Under the contract, PSA is acquiring Chrysler's U.K. and Spanish interests for $230m in cash, and the French business through the issue to Chrysler Corporation of 1.8m new shares worth $200m.

The American group will emerge with a 15.4 per cent share in PSA, in which the Peugeot family holdings will come down to slightly less than 40 per cent, and the Michelin group's to 6.9 per cent.

The American company will receive no dividend on its shares until 1980 but Mr. John Riccardo, its chairman, will join the PSA supervisory board if there are no anti-trust objections in the U.S.

Times Newspapers: an apology

ON Thursday 14 December we published under the heading "Executives 'given Thomson stake before oil merger'" a summary of an article appearing in the then current issue of the New Statesman. Contrary to what we reported, no Thomson or other shares were at any time given and the value of the arrangements depends entirely on what success the Thomson business achieves in the future.

We entirely accept that there was no insider trading, no attempts at concealment nor any impropriety whatsoever in these transactions. We apologise to the Thomson executives concerned, particularly Mr. William Rees-Mogg, Mr. Harold Evans and Mr. Marmaduke Hussey for distress and damage occasioned.

Government acts to save Marathon shipyard

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT is acting to save the U.S.-owned Marathon Shipbuilders' oilrig building yard at Clydebank by placing an order, for the second time in two years.

A company is being set up jointly by the Scottish Office, the British National Oil Corporation and the Gas Corporation to negotiate for a jack-up rig, which could cost between £14m and £17m.

It will be used by the two State concerns for drilling in British waters, but the new company will also try to find commercial contracts for periods when they have no use for it.

Finance will be provided by the Ship Mortgage Finance Company, a private lender which entered into an arrangement with the Department of Industry in 1972, unde rthe provisions of Section 10 of the Industry Act to make ship loans at concessionary rates.

The Government will guarantee the borrowing, terms of which will depend on the import content of the new structure.

Marathon has been out of work since it completed the second of two rigs for Penrod Drilling of the U.S. Redundancy notices began to be issued to the 1,100 workers at the beginning of the week.

The new arrangement has been made at the prompting of Mr. Bruce Millan, the Scottish Secretary, and Dr. Dickson Mabon, the Energy Minister, who are anxious to avoid further unemployment at Clydebank. The town is already under threat of the closure of Singer's sewing machine works.

Originally it was suggested that the National Coal Board should join the consortium, but it declined, saying that its limited programme of offshore drilling for coal could be adequately carried by contractors.

The siz of the Government's commitment and the number of jobs the new order will secure at Marathon will not be known until negotiations on specifications and price of the rig are complete, and it is seen how much use there is for it.

Rigs built at Clydebank are suitable only for shallow water drilling.

In 1976 the Scottish Office, using BNOC as its agent, ordered a speculative rig to preserve employment at Marathon. It was later sold to Penrod.

Express appeal lost by journalists' union

BY PHILIP BASSETT, LABOUR STAFF

THE National Union of Journalists failed yesterday to reverse a High Court decision which the TUC considers will severely restrict the freedom of trade union members to take sympathy action in industrial disputes.

The Court of Appeal under Lord Denning, Master of the Rolls, refused the union leave to appeal against its decision to the House of Lords.

The union was appealing against a decision by Mr. Justice Lawson to grant an injunction to Express Newspapers ordering the NUJ to lift its instruction to Express group journalists to black copy from the Press Association news agency.

The NUJ will today discuss its next move with the TUC, which is prepared to finance an appeal to the Lords. Mr. Len Murray, general secretary, said after the High Court judgment last week that the case involved "a matter of great importance to the trade union movement generally."

The instruction to black Press Association copy was given to all NUJ members on national newspapers, radio and television stations in support of an official strike by 9,000 provincial journalists.

Lord Denning's rejection of the appeal turned on the interpretation of Section 13 of the Trade Union and Labour Relations Act, 1974, which has provided legal immunity for trade union sympathy action if it is done "in furtherance" of a trade dispute.

He said: "It is not sufficient that there should be intent alone to further, advance, help or encourage the union side with a trade dispute. There must be a reasonable prospect or capability of advancing the cause in order for it to be given immunity." ...

Lord Denning acknowledged that this test of the furtherance clause of the Act was a new point of law. It was agreed by the other sitting law lords, Lord Justice Lawton and Lord Justice Barndon.

Some labour lawyers saw the new limitation yesterday as the most important restriction on trades union activity that the courts had imposed for years.

Times appeal for more negotiations, Page 6

THE LEX COLUMN

Creamier days at Unigate

The sharp upsurge in Unigate's profits in the second half of 1977-78 caught the stock market off guard and there was a tendency to dismiss it as just a flash in the pan from a company with a pretty mediocre profit record. However, a 59 per cent jump in interim pre-tax profits to £15.1m in the current financial year underlines the fact that Unigate appears to be moving on to a higher level of profitability. Even if there is no growth in the second half, pre-tax profits for the full year should rise to £37m (against £31.5m) and it is more than likely that they will top £40m.

The first point to make about the company's improved performance is that it is recovering from a very depressed level. In the first six-months of last year, Unigate, which produces half of the UK's butter and a third of its cheese, was suffering from fierce foreign competition. This has abated and although volumes are hardly changed Unigate has been able to improve its margins. For a group with an annual turnover of over £1bn tiny moves in margins can have a dramatic impact on profits. If, for example, Unigate's margins had been the same as those of Northern Foods (they would need more than to double), Unigate's pre-tax profits during this period would have been [illegible] and not £15.1m.

Clearly, even after the upsurge in the last couple of half years, there is still plenty of rehovery potential at Unigate. This year could see the dividend rise by around a fifth—putting the shares at 74p on a prospective yield of around 8½ per cent.

Charterhouse Group

The Charterhouse Group has changed its financial year end from September to December and has stopped presenting the estimated pre-tax profits of the banking side, so the results for the year to September slightly confused the stock market. Even so it is clear that Charterhouse's profits, having moved sideways between 1973 and 1976, are now rising quite healthily. At the pre-tax level profits are 44 per cent higher at £9.8m and after adding in the unchanged disclosed after-tax bank profits, attributable earnings are up by just under a third at £6.8m.

Charterhouse operates in a number of cyclical industries and has to bear a heavy financing charge, so profits tend to oscillate quite sharply. Over the past 12 months, the group's Charcon businesses have been turned round into profit (worth over £1m) and the Newage engineering side has performed "outstandingly well." In addition, the first North Sea oil began to flow through into profits last year but whereas it was originally expected to chip in perhaps £1m, the problems at Thistle resulted in a significantly lower figure than that. At 63p, the shares yield 8.7 per cent and profits could be up by a fifth in the current year.

Index same at 478.2

Chinese bonds

Staider conventional investors may have preferred to spend the week at Christmas parties but the Stock Exchange has been enlivened by steady fringe speculative demand for Chinese bonds, which has pushed an issue such as the five per cent Boxer 1925 up to £20 from £15. The buying is sustained by the improvement in Western relations with China, by the increasing Chinese need and willingness to borrow from the West, and by the startling growth of collectors' interest in the bearer certificates.

The argument runs as follows: only £60m nominal of Chinese bonds are listed, and £60m is not quite the figure it was in real terms back in 1910. Many of these bonds must have disappeared. The Chinese could underline their creditworthiness and spread general goodwill by spending no more than, say, £30m on redemptions. And if they don't do the proper thing, the certificates can always be sold through Stanley Gibbons.

Collectors are naturally most interested in the smaller issues such as the 4½ per cent 1908 gold loan (English) of which only £125,000 is listed. This has traded up to £85 per cent. The Honan Railways Gold five per cent 1905, which must have exceptional aesthetic attractions, is quoted above par and would not be worth redeeming unless the Chinese in a fit of quixotic gallantry were to throw in half a century's accrued interest.

In nominal terms, several hundred thousand pounds of bonds have changed hands in the past week. But the market level of around 20 per cent of par for those issues not rare enough to appeal to collectors still lays quite long odds against ultimate redemption, after all, the bonds were busted by the Nationalists in the late 1930's and the Communists have a good excuse for disclaiming responsibility.

Connoisseurs of the obscure reaches of the bond market may be attracted by the scrip issued in lieu of interest just before the Nationalists stopped trying to keep up with debt servicing. This ranks ahead of the bonds for repayment. The Chinese, who have a legalistic tradition and a canny record as borrowers—the Sung dynasty pioneered paper money—may yet astonish us.

Trafalgar House

According to the annual report, the number of UK employees of Trafalgar House earning over £15,000 a year rose from 21 to 145 last year—reflecting its move into Fleet Street. The new publishing division is expected soon to be contributing "substantial" profits. But in shipping Trafalgar suggests that it will be next year before a reasonable level of profits can be restored.

Court ruling gives councils right to ban heavy lorries

BY LYNTON McLAIN

LOCAL AUTHORITIES throughout Britain were given the go-ahead yesterday to impose selective bans on heavy lorries.

That is the effect of a High Court ruling yesterday by Mr. Justice Neill that an application from road hauliers to end a lorry ban imposed by Berkshire County Council should be dismissed. The hauliers will not appeal.

The Berkshire ban has been in force for seven months. The industry claims its ban has added at least £200,000 to lorry operating costs by forcing detours around Windsor.

Hauliers, led by the Freight Transport Association, the Road Transport Association and the National Farmers Union, which jointly brought the action against Berkshire, reacted angrily to the judgment last night. They are to pay the £10,000 costs of the action.

Weakened

Cumbria County Council, which has been planning a similar ba non heavy lorries for some month, said last night proposals concerning a stretch of the A591 between Kendal and Keswick near Thirlmere would be published early in the New Year.

Other counties may follow, including West Yorkshire County Council, which has considered a ban on heavy lorries over 13 bridges in Leeds.

Mr. Richard Turner, the controller of planning and traffic services at the Freight Transport Association said the ruling "seriously weakened industry's safeguards against future bans on essential delivery vehicles.

The legal ruling cleared the way for local authorities to exercise "total discretion under the law to regulate heavy traffic in any way they see fit, while hauliers had no right of redress at all," he said.

Hauliers wishing to make deliveries at short notice in the Windsor area are effectively banned from entering the area by the Berkshire ruling that only permit holders may pass road check points. The association claims the permits were issued on an "entirely arbitrary" basis, and the criteria were not published.

The Berkshire ban was introduced in June under the Road Traffic Regulations Act 1967 and the five year old Heavy Commercial Vehicles Act. This allows lorries to be banned on amenity grounds.

The Berkshire ban applies to most goods vehicles over five tons unladen weight. Petrol, fuel oil and milk tankers, animal lorries, breakdown trucks, tractors and read-mixed concrete vehicles are exempt. But other heavy vehicles which have not been granted a free-access permit by the council are baner from one 25 yard and 11 50 yard stretches of road in and around Windsor.

Affected

The ban has affected commercial traffic over 40 square miles. The road hauliers argued that, by not specifying the total area to be affected by the ban, the council was breaking the law. But the judge ruled that the Act required only the specific roads affected to be named in the banning order.

The hauliers also said the law imposed a duty on councils to maintain reasonable access to areas affected by a ban. But the Act only pointed to the "desirability" of maintaining such access.

Finally, the hauliers attacked the arbitrary use of permits, but the judge ruled that the Act was wide enough to allow the council to introduce discretionary permits as they saw fit.

Continued from Page 1

Callaghan and CBI

organisation is thought to be under consideration by the Government.

Mr. Healey also announced that the confederation is to hold talks on the economy with Ministers in coming months in parallel with the similar exercise agreed this week with the TUC.

The Government's main achievement this week has been its restored relations with leaders of both sides of industry.

Mr. Healey said yesterday that his talks with the TUC on Tuesday had "restored the status quo ante" after the TUC's rejection of the joint statement with the Government on pay last month. Yesterday's talks built a new accord with leading industrialists after the Government's decision to abandon pay sanctions.

However, no detailed initiatives were produced, although the confederation and the TUC have agreed with the Government that there is no sign of a rapid increase in the levels of pay rises. "I don't myself believe there is going to be a pay explosion and neither do the TUC or CBI," Mr. Healey said last night.

Mr. Healey said on Welsh television this week that "providing we can keep inflation down, I ought to be able to cut income tax." His remarks followed warnings, repeated yesterday, that he might have to take strong fiscal measures if there is a wage explosion.

The confederation emphasised that, since most this winter's pay deals in private industry had been within the Government's guidelines, it was up to the Government not to allow the public sector to break ranks.

It acknowledged the difficulties of persuading low-paid workers in local councils and similar areas to accept low rises. It urged that cash limits be maintained and that comparability claims should not be studied on an ad hoc basis simply to buy industrial peace.

Later Mr. Healey emphasised that comparability exercises could only provide facts for subsequent pay negotiations and that any large increases might have to be in stages rather than in one settlement.

"The unions must persuade an employer to pay. We are not going to force anyone and the Government has made no commitment above the five per cent limit." Mr. Healey said.

The exercise could only be on the basis of "comparable pay for comparable work, comparing like with like." The Government would "oppose efforts to settle large groups of public sector workers with different jobs in large ad hoc groups in the private sector."

Bank lending to industry drops

BY MICHAEL BLANDEN

INDUSTRY'S demand for bank finance slackened significantly in the three months to mid-November, the latest breakdown of lending published by the Bank of England shows.

The overall lending level nevertheless continued to expand sharply, in spite of the restraints imposed by the official corset controls on the growth of bank interest-bearing deposits.

The Bank reported that total sterling advances to UK residents rose by £810m between mid-August and mid-November. Of this, £667m was lent to the private sector.

However, the Bank calculated that seasonal influences would have depressed lending during the period by almost £200m. Allowing for these factors, therefore, the underlying increase in lending would have been around £850m—not far short of the adjusted £950m recorded in the previous three months.

The Bank pointed out at the same time that lending by acceptance credits—company bills backed by banks—slackened sharply. In the previous three months, acceptances jumped by £829m, largely reflecting the distortions introduced into the banking system as a result of the corset controls.

In the November period, however, the rise was a relatively modest £221m, as the pressure for the banks to switch lending out of advances into other forms of credit eased due to their success in returning below the corset ceilings.

The total increase in sterling lending before allowing for seasonal adjustments was mainly in loans to the services, personal sectors, and to the other production category.

Advances to the manufacturing sector, however, rose only marginally by £38m, or 0.5 per cent. The figure was depressed by further repayments of bank borrowing by BL—formerly British Leyland—after the second tranche of the company's rights issue.

Lending to chemicals and allied industries advanced by £168m, or 15 per cent. But there was a fall in borrowing by textiles, leather and clothing.

Advances to manufacturing industry had risen much more strongly in the previous three months. The Bank pointed out that taking the last six months as a whole, borrowing by manufacturers rose by 8 per cent, compared with an increase of 6 per cent in the previous six months.

In the services sector, the biggest rises were in retail distribution, up by £115m or 7 per cent, and in public utilities, local and national government, where there was an increase of £127m or 20 per cent.

Lending to the personal sector, other than for house purchase, increased by £199m or 5 per cent.

Weather

UK TODAY

SLEET or snow, and cold generally. Brighter in western areas.

London, S.E., E., N.E. England, E. Anglia, Highlands, Scottish Islands, E., S. Scotland

Cloudy, occasional rain or sleet. Max. 4C (39F).

Cent. S., N.W., S.W. England, Midlands, Wales, Lakes, Cent. Scotland, I. of Man, N. Ireland

Dry, with bright intervals. Max. 3C (37F).

Outlook: Cold. Rain, sleet or snow. Frost and fog patches.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	-2	28	Madrid	C	3	37
Athens	F	16	61	Mnchsr.	C	1	34
Bahrain	S	21	70	Melbne.	C	17	63
Baclona.	F	9	48	Mex. C.	S	20	68
Beirut	F	18	64	Milan	R	2	36
Belfast	R	3	37	Montrl.	Sn	-2	28
Belgrade	Fg	0	32	Moscow	S	-19	-2
Berlin	C	-1	30	Munich	C	-4	25
B'ham	C	1	34	Nwcstl.	R	2	36
Brussels	F	0	32	N. York	S	6	43
Bristol	C	2	36	Oslo	Sn	-1	30
B. Aires	S	32	89	Paris	C	3	37
Cardiff	C	2	36	Perth	S	24	75
Cairo	S	18	64	Prague	C	0	32
Chicago	S	-6	21	Reykjvk.	S	-8	18
Cologne	S	2	36	Rio J'o	S	27	80
Copnhn.	R	2	36	Rome	F	15	59
Dublin	R	4	39	Singpr.	C	28	82
Ednbgh.	C	2	36	Stckhm.	S	-7	19
Frankft.	F	-1	30	Strsbrg.	C	-2	28
Geneva	C	1	34	Sydney	C	22	72
Glasgow	C	4	39	Tehran	S	2	36
Helsinki	S	-17	1	Tel Aviv	S	18	64
H. Kong	C	19	66	Tokyo	C	9	48
Jo'burg	S	27	80	Toronto	S	-4	25
Lisbon	F	6	43	Vienna	Fg	-2	28
London	Sl	3	37	Warsaw	S	-5	23
Luxmbg.	F	-1	30	Zurich	F	-1	30

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	Jersey	F	4	39
Algiers	F	13	55	L. Plms.	C	19	66
Biartz.	S	8	46	Locarno	R	2	36
Blckpl.	C	1	34	Majorca	R	10	50
Bordx.	S	7	45	Malaga	F	11	52
Boulgn.	C	0	32	Malta	S	17	63
Cblnca.	R	15	59	Nairobi	R	20	68
Cape T.	C	21	70	Naples	F	16	61
Corfu	S	17	63	Nice	C	14	57
Dbrvnk.	F	14	57	Nicosia	S	18	64
Faro	F	10	50	Oporto	C	7	45
Florence	F	9	48	Rhodes	S	19	66
Funchal	F	16	61	Salzbg.	F	-3	27
Gibrltr.	C	12	54	Tangier	C	13	55
Gurnsy.	C	4	39	Tenerife	R	13	55
Innsbrk.	F	2	36	Tunis	F	18	64
Invrnss.	C	3	37	Valencia	C	9	48
I. Man	C	4	39	Venice	C	3	37
Istanbul	C	10	50				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sl—Sleet. Sn—Snow. Fg—Fog.

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